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COLONIAL ANNUAL REPORTS

North Borneo

1947



LONDON: HIS MAJESTY'S STATIONERY OFFICE

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THE SERIES OF COLONIAL ANNUAL REPORTS which was re-introduced for the year 1946 (after suspension in 1940) is being continued with those relating to 1947.

It is anticipated that the Colonies and Protectorates for which 1947 Reports are being published will, with some additions, be the same as for the previous year (see list on cover page 3).

ANNUAL REPORT ON NORTH BORNEO

FOR THE YEAR

1947

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LONDON: HIS MAJESTY'S STATIONERY OFFICE

1948

FOREWORD

This is the first annual report on the new Colony of North Borneo, which came into being in July, 1946, after its liberation from three and a half years of Japanese occupation.

A report on the general conditions existing at that time and of the steps taken first by the military administration and later by the civil Government to restore law and order and to ensure the supply of food, medicines and other commodities essential to the life of the community, and generally to get the government of the country going again, was published at the end of 1946 as Council Paper No. 1 of 1946 and is reproduced as an appendix to this report to preserve continuity and for the purpose of easy reference.

It is clear from the attached report that, in spite of the very great difficulties with which the country was faced two years ago, considerable progress has since been made, and while much still remains to be done there is also much for which to be thankful.

The wheels of government are once more revolving, albeit somewhat haltingly at times; the worst ravages of the war have been repaired; the economy of the country has been restored and trade and industry are expanding rapidly; there has been a remarkable absence of epidemics, and the health of the population, which had suffered seriously under the Japanese, has been largely restored; there has been a complete absence of political unrest, although the country is surrounded by territories where considerable political activity of a highly subversive nature has been only too manifest; the first steps have already been taken to associate the people of the country more closely with its Government; broad plans for the development of the country have been worked out on a comprehensive scale and the future of this youngest Colony of the British Empire is bright. For this happy state of affairs the loyal and active co-operation of all races in the country deserves the highest praise, and the thanks of the community are due to all those unofficial members who have given unstintingly of their time and helped with their advice on the numerous bodies which have been set up to assist the Government. In conclusion, tribute is due to that small, hard-working team of local officers, enlarged and assisted as time went on by officers from other Colonies, who worked unceasingly in the early days at very high pressure in almost impossible conditions to set the wheels in motion, and who are now just beginning to see the fruits of their labours. The country owes them a debt probably greater than it realises.

The cover illustration shows two Bajau horsemen

PART I

General Review

The Governorship

The new Colony of North Borneo came into being on 15th July, 1946, and Mr. Edward Francis Twining, C.M.G., M.B.E., became the first Governor and Commander-in-Chief on 15th February, 1947. From its inception in July, 1946, until the arrival of the Governor, the Colony was administered by Mr. James Calder of the Malayan Civil Service.

Rehabilitation

In July, 1946, the country was still suffering severely from the effects of over three years of enemy occupation. The shortage of Government officers both European and Asiatic was acute, many European officers having suffered so much during internment that they were unable to return to duty, and the Asiatic staff having been seriously depleted as a result of their loyalty during the occupation. Material damage was probably heavier than in any other British Colony. The towns of Sandakan and Labuan had been completely destroyed and others, including Jesselton, badly damaged. Of 890 Government buildings in North Borneo and Labuan before the war 614 were completely destroyed and 266 badly damaged, while the roads had been neglected to such an extent that total reconstruction was in many cases essential. The railway had not a single engine in working order and was suffering from serious neglect and extensive damage to rolling stock, public utilities had been almost completely destroyed, and wharves and harbour facilities had practically all been put out of action.

The civil Government found it necessary to apply first-aid measures, which meant the erection of temporary buildings and the patching up of damage. Temporary repairs were effected to roads, the railway was restored to order, and temporary wharves were built in the majority of the ports. These repairs, amounting to a total cost of nearly three and a half million dollars, were effected in spite of acute shortages of staff and materials.

Development

Although the main task during 1946 and 1947 was the rehabilitation of the Colony, it was necessary at the same time to consider the long- and short-term development of the country's natural resources. A conference presided over by the Governor-General, Mr. Malcolm MacDonald, P.C., was held on the day civil Government was resumed, and as a result of decisions reached then and of the recommendations made to the Secretary of State, the sum of £625,000 was shortly afterwards allotted to North Borneo, with a further sum of £250,000 available

as a reserve fund for Sarawak, Brunei and North Borneo. Additional assistance was also made available from a central fund for approved research projects. Various schemes were submitted to the Secretary of State, and approval was received for the visit of a geologist, and the appointment of a fisheries officer, a malariologist, a town planner, a veterinary officer and a drainage and irrigation engineer. Approval was also given for an investigation into the coal resources of the Colony.

On the arrival in June, 1947, of the newly appointed Development Secretary, the work of producing a comprehensive plan dealing with the requirements of the Colony was pushed rapidly ahead, based on the principle that the cost of such a programme would have to be financed to a large extent from local resources and that priority must be given to schemes of an economic nature directed towards increasing production in the Colony. At the end of 1947 this plan was still in the course of preparation. It has since been completed and approved by Advisory Council and is now receiving the consideration of the Secretary of State.

Economic Progress

By the end of 1947 the pre-war economy of the Colony had been largely restored. In general good prices were received for agricultural products marketed abroad, which greatly facilitated the work of rehabilitation, but this improvement was partly offset by a serious fall during the year in the price of rubber, which happily has since recovered. A brake on production generally throughout the year was the shortage of labour, the disturbed political conditions throughout South-East Asia making the formation of a definite policy for the recruitment of labour outside the Colony extremely difficult, but investigations into possible sources of labour continued throughout the year and are still continuing.

The supply of essential commodities continued to show steady improvement. In the early days it was considered desirable that rice and flour should be subsidised, but on 1st July, 1947, in view of the general improvement, it was decided to withdraw the subsidy. Through the careful conservation of stocks it was found possible gradually to increase the ration, especially for those engaged in heavy work.

The Constitution

In June, 1947, the future constitution of the Colony was brought under review by the Advisory Council, with a view to associating the people of the Colony more closely with the Government. Special emphasis was laid on the desirability of developing local government, and the proposals included the replacement of Sanitary Boards by Town Boards and, in the case of the larger towns, possibly by Municipalities. In certain areas it was suggested that there should be Rural Boards with similar functions. Hope was expressed in both cases that the ratepayers would be adequately represented, possibly by the introduction of the elective principle. It was also recommended that Native Authorities should be set up in order that the administration of the natives of the Colony might be carried out to a greater degree through their own people. It is hoped that these

authorities will have their own treasuries or chests and that Advisory Councils will be set up in the Districts and Residencies.

With regard to the Central Government the recommendations included the establishment of an Executive Council and a Legislative Council, and while it was proposed that for the time being there should be an official majority in each and that unofficials in the first instance should be nominated, the hope was expressed that the structure of the Legislative Council would be as representative as possible. These proposals are now receiving the consideration of the Secretary of State.

Capital of North Borneo

An important decision made in June by the Advisory Council was to recommend to the Secretary of State that Jesselton should be the capital. This recommendation was approved by the Secretary of State and Jesselton is now the capital of the Colony.

Salaries Commissions

Two Salaries Commissions were set up during the year, one early in the year under the Chairmanship of the Chief Justice to deal with the subordinate staff and one later in the year under the Chairmanship of Sir Harry Trusted, K.C., to deal with all staff. Their reports were still under consideration at the end of the year, but certain interim recommendations to ameliorate the position were approved, and it is hoped that final decisions on this important matter will not be long delayed.

Trade and Industry

Considerable interest was evinced by banks and other commercial undertakings in the possibility of commencing business in North Borneo and several banks and firms have already done so. Representatives from many other interests have visited the Colony with a view to exploring the possibility of starting the cultivation of cocoa, hemp, tobacco and other tropical products. Interest has also been shown in North Borneo's coal deposits and mineral oils, while electricity concerns have also been making investigations.

Visitors

Many distinguished visitors, including the Governor-General, Mr. Malcolm MacDonald, P.C., Lord Killearn, Special Commissioner for South-East Asia, Admiral Sir Denis Boyd, K.C.B., the Commander-in-Chief, British Pacific Fleet, Sir Edward Gent, K.C.M.G., the Governor of the Malayan Union, and Sir Charles Arden Clarke, K.C.M.G., the Governor of Sarawak, came to North Borneo during this period. Experts in many fields, ranging from finance and economics to coal-mining, hydro-electricity, agriculture, fisheries, irrigation, lands and surveys, also visited the territory during the year and gave invaluable advice.

PART II

Chapter 1 : Population

THE last full census took place in 1931. This showed natives of Borneo to number 206,444, Chinese 51,118, Javanese 9,854, Malays 6,295 and others 5,475, a total of 279,186, giving an average density of nine persons to the square mile. Since then there has been a considerable change in both the numbers and the density of the population. During the Japanese occupation there was some movement away from the main coastal towns into the interior in order to escape repression, and of those who remained many were murdered or died of starvation. Since the liberation of the territory there has been a steady movement back to the towns and this process of readjustment is still continuing.

By 1941 the population was estimated to have increased to 309,618, with the Chinese totalling 59,610. A population check in 1947 for food control purposes gave a figure of 331,361. About half the population lives on the west coast plains between the Crocker Range and the sea. The density here averages 23 to the square mile, which is over three times the figure for the rest of the country.

The most important of the local tribes are the Dusuns who live along the west coast and on the plains of the interior. They are an intelligent and prosperous people and together with the Chinese, with whom they frequently inter-marry, constitute the chief rice farmers of the country. Few figures are available to show the general trends of population among the Dusuns, but it is believed that they are increasing steadily in spite of a very high infant mortality rate. Well in advance of the other tribes in culture, agricultural methods and in education, they form the most stable element in the rural population.

Next in importance are the Muruts, who live mainly in the mountainous, inaccessible country towards the Dutch border. The Muruts were the last North Borneo tribe to abandon the practice of head-hunting and have not yet adopted a system of settled agriculture. As soon as the land they are cultivating becomes exhausted they move to a fresh area, burn off the jungle and cultivate their hill padi for another two to three years. The precarious living thus earned is supplemented by hunting wild beasts and collecting jungle produce, which is sold for ready cash. Primitive in their habits and living conditions, the Muruts are particularly susceptible to disease and it is feared that unless adequate medical and educational facilities are introduced in time the race may eventually die out.

Of the coastal tribes, the Bajaus are a sea-faring people found mainly on the east coast, although a strong group of them have settled in the Kota Belud area on the west coast where they have become excellent

herdsmen and horsemen. The Sulus are another race who spend much of their time on the sea, being descended from the Philippine pirates who terrorised North Borneo waters until well into the nineteenth century. Their activities are now chiefly confined to fishing.

The largest alien race in the country are the Chinese who are engaged in agriculture and commerce. They provide most of the artisans for local industry and a great number are smallholders growing rubber, rice, coco-nuts, fruit and vegetables, and raising pigs. The majority of them are Hakkas, who also provide the clerks and technical subordinates employed by the Government and by commercial firms. The business and shop-keeping community, particularly in the Sandakan area, are often Cantonese with well-established connections with Hong Kong and China, while the Hokkiens of the west coast towns tend to look for their trade towards Singapore.

The unofficial European community, although numerically weak, is economically very powerful. In general they are the employees of big trading or plantation companies with headquarters in London. They are the biggest employers of labour and exercise control over a large portion of the country's export trade.

Other immigrants consist of Javanese of whom few have remained since the Japanese occupation. Akin in outlook and custom to the local inhabitants they have always been easily assimilated into the local community. Before the war these people came to work on the rubber estates and in most cases only stayed for short periods and then returned to their homeland.

There are a few Indians who are employed in the constabulary and a certain number of Sikhs have settled in the country and become dairy farmers in the vicinity of Jesselton and Sandakan.

Chapter 2: Occupations, Wages and Labour Organisation

Principal Occupations

The principal occupation of the peoples of North Borneo is agriculture, and what factory employment exists is confined to a few Government workshops and small-scale private enterprises. Most of the wage-earners are to be found on the estates and plantations producing rubber, tobacco, coco-nuts and hemp on a commercial scale, and in the logging camps of the big timber concerns.

In recent years the natives of the west coast and the interior have shown an increasing tendency to look for work on estates and in industry, but they are primarily concerned with their own local pursuits, and many have small rubber plantations which provide occupation for their families. There is also a landed proprietor class, mainly Chinese, who own small and medium-sized holdings. These holdings are usually worked by their own families and friends, but native labour may also be employed, generally on a profit-sharing basis rather than in return for

wages. The trading and shop-keeping class are again mainly Chinese, owning fishing junks and sago factories as well as running the minor urban industries.

During the Japanese occupation from 1942 to 1945, commercial and industrial production was paralysed and the wage-earners dispersed on works of military importance or on food production, either under Japanese control or for their own subsistence. On liberation in September and October, 1945, an association of rubber-estate owners took over the rehabilitation of estates and plantations, and the commercial and industrial undertakings started on the work of rebuilding their sawmills, works and godowns. Labour forces were gradually collected together, temporary housing and medical facilities were provided, and as transport, shipping and the supply of materials improved, production started to return to normal.

By the end of 1947 the number of labourers employed by registered employers in the principal occupations were:

<i>Occupation</i>	<i>No. of registered employers</i>	<i>No. of labourers employers</i>
Rubber estates . . .	34	6,668
Coco-nut „ . . .	3	238
Tobacco „ . . .	1	1,332
Hemp „ . . .	2	725
Logging and sawmills . .	5	2,591
Other industries . . .	16	1,342
Government Departments .	9	
Public Works . . .		1,185
Railway . . .		489
Administration . . .		554
Miscellaneous . . .		377
	—	—
TOTAL	70	15,501
	—	—

Wages and Earnings

Wage-rates vary from district to district, and payment is based largely on piecework rates, but the wage-level of unskilled agricultural labour is roughly \$1.50 a day, as against 50 cents a day before the war. In commercial and industrial employment an 8-hour day is normally adopted as against the pre-war working day of 9 hours provided for by the Labour Ordinance.

Employment in the larger industrial concerns is based on a six-day week, but on estates the general practice is to give two paid free days a month. Payment of wages is either fortnightly or monthly, and in the latter case a subsistence advance is given in the middle of the month. There is a growing tendency for labourers to demand advances before accepting work, and employers are beginning to complain of the number of men who leave their work without notice.

Cost of Living

Although regular and detailed statistics are not available, investigations of family budgets for various groups places the cost of living at between 300 per cent and 400 per cent above the pre-war level, for a slightly lower standard of living. Comparison of pre-war prices of various commodities show the following differences:

<i>Local produce</i>				1941	1947
				\$	\$
Rice (free market)	per gantang	.	.	.54	2.40
Beef	„ kati	.	.	.18	.60
Pork	„ „	.	.	.35	1.20
Chickens	„ „	.	.	.38	1.60
Fresh fish	„ „	.	.	.30	.60
Dried „	„ „	.	.	.15	.70
Coco-nuts	each	.	.	.02	.15
Coco-nut oil	per kati	.	.	.14	.40
Long beans	„ „	.	.	.08	.30
Tapioca (raw)	„ „	.	.	.03	.08
Bananas	„ „	.	.	.10	.19
<i>Imported commodities</i>					
Salt	per kati	.	.	.05	.10
Sugar	„ „	.	.	.12	.40
Soap	„ bar	.	.	.20	.75
Coffee	„ kati	.	.	.48	1.10
Cigarettes	ten	.	.	.09	.13
Sarongs	each	.	.	2.10	5.80
Singlets	„	.	.	.90	1.50
Cotton dress material	per yard	.	.	.60	1.90

Labour Department

It was not until the end of June, 1947, that an officer became available to organise the reconstitution of a separate department to deal with labour matters. A start was made by appointing an Administrative Officer with a knowledge of Chinese to be Protector of Labour and Secretary for Chinese Affairs stationed at Sandakan, and later the headquarters of the department was moved to the capital at Jesselton. At the end of the year it was announced that the reconstituted department would be known as the Department of Immigration and Labour. The appointment was also announced of a Joint Labour Adviser for the three Borneo territories (the Colonies of North Borneo and Sarawak and the State of Brunei), whose headquarters would be at Jesselton.

One of the first tasks of the department was to undertake a survey of the labour requirements of the Colony, in order to discover the extent of the shortage. As the native's interest in industrial employment is largely seasonal, both the Government and the larger commercial concerns have had to rely in the past on immigrant labour. This reserve of labour suffered severely during the Japanese occupation, and is in urgent need of replacements.

Returns of labour strength from employers of 20 or more labourers showed the following comparison with the last pre-war figures available.

<i>Number of registered employers</i>					<i>2nd Qr. 1941</i>	<i>2nd Qr. 1947</i>
Estates	}	.	.	.	64	{ 37 21 8
Industrial concerns						
Government Departments						
<i>Number of labourers employed</i>						
Chinese . . . . .	.	.	.	.	8,012	3,388
Javanese . . . . .	.	.	.	.	2,334	2,210
Natives . . . . .	.	.	.	.	8,348	8,129
Others . . . . .	.	.	.	.	821	175
					<hr/>	<hr/>
					19,515	13,902
					<hr/>	<hr/>

The preliminary survey indicated that there was a shortage of approximately 7,000 labourers, and that they were likely to be needed over a period of two or three years. A search for fresh sources was instituted and negotiations were opened between the Governments of North Borneo and the Netherlands East Indies for the resumption of pre-war arrangements for the importation of labour from Java. These negotiations were still in progress at the end of the year.

The collection of essential information was restarted, employers were re-registered and a duplicated edition of the Labour Ordinance and rules was prepared for distribution and sale to employers. In addition, the periodical inspection of places of employment by District Officers was co-ordinated, and more complete liaison arranged with the Medical Department regarding health matters in places of employment. As Assistant Protectors of Labour, District Officers have full powers under the Labour Ordinance to mediate in matters of work and wages, and to investigate conditions of employment, medical care, health, housing, food supplies and prices. Labourers in the Colony being largely illiterate, all work is on verbal agreement, terminable at a maximum of one month's notice by either party or by payment of wages in lieu. If dissatisfied or subjected to ill-treatment, the labourer is entitled by law to complain to the nearest Assistant Protector or Magistrate, but cases of complaint have been few.

In addition to duties connected with labour, the Department is concerned with a variety of social welfare services. These include the protection of women and children, and the settlement of Chinese family disputes. The Department also supervises the running of two Pauper Institutes, managed by Boards of Control at Sandakan and Jesselton, and maintained from a poor rate paid by all registered employers of labour (including Government departments) and by owners of land and property.

Trade Unions and Trade Disputes

The trade union movement is still very much in its infancy in the Colony, where the standard of literacy among the majority of workers is still low. The first trade union to be formed, as such, in the Colony was the North Borneo Clerical Union, which was later reorganised to become the North Borneo Junior Civil Service Association. Established associations of Chinese crafts and clans already exist to provide the stock from which trade unionism on sound lines can be developed and the trade union legislation which was enacted at the end of the year is designed to provide for such development. With only a minor degree of industrialisation, and labour in short supply, there has been a happy absence of labour disputes. Earlier in the year there was a threatened one-day strike of technical employees of the Public Works Department at Jesselton, because their wages and cost of living allowances were proving inadequate to meet rising prices and high rents, but they decided to continue working when it was explained to them that steps were being taken to introduce a more satisfactory scale without delay.

Legislation

The principal legislation governing the employment of labour in the Colony is contained in the North Borneo Labour Ordinance, 1936, which is applicable on the mainland, and the Straits Settlements Labour Ordinance (Cap. 69) applicable to the island of Labuan. These laws provide for the regulation and performance of agreements to labour and include provisions relating to notice and termination, hours of work, rest days and holidays, tasks and piece-work, payment of wages, overtime, employment of women and children, the truck system, health, housing and sanitation, hospitals and medical care, food supplies, keeping of check rolls and wages accounts, inspection of places of employment, investigation of complaints and settlement of disputes. There is a special part to deal with the recruiting, importation and repatriation of Javanese immigrant labourers imported under permit from the Government of the Netherlands East Indies. Powers are provided under the Ordinance for the fixing of minimum wages, but so far there has been no need to use them. Further provisions exist under other laws relating to the emergency cultivation of essential foodstuffs on places of employment, prohibition of forced labour, gaming on places of employment, and the shielding and fencing of machinery. Legislation covering workmen's compensation, conciliation and arbitration is under consideration together with provisions for more comprehensive safety measures in factories. The whole body of the labour legislation of the Colony will be reviewed by the Joint Labour Adviser at the earliest opportunity with a view to bringing the laws of North Borneo, Brunei and Sarawak as far as possible into general accord.

International Labour Conventions

The Trade Unions and Trade Disputes Ordinance, 1947, which received the Governor's assent on 27th December, 1947, was the only fresh legislative measure enacted during the year giving effect to the

provisions of the International Labour Conventions which have been ratified by His Majesty's Government.

The legislation of the Colony applies, within local requirements, the provisions contained in the following International Labour Conventions:

Minimum age for the admission of children to industrial employment.

Night work of young persons employed in industry.

Minimum age for admission of children to employment at sea.

Unemployment indemnity in case of loss or foundering of a ship.

Rights of association of agricultural workers.

Minimum age for the admission of young persons as trimmers and stokers.

Compulsory medical examination of children and young persons employed at sea.

Creation of minimum wage-fixing machinery.

Forced labour.

Night work (women).

Regulation of certain systems of recruiting workers.

Right of association and settlement of labour disputes.

In addition, the principles of the convention concerning labour inspectorates are given practical effect in the provisions, which already exist in the Labour Ordinance, regarding inspection of premises, examination of books and registers and interrogation of labourers at places of employment. Although it would not be possible to apply the provisions of the group of conventions dealing with sickness, old-age and invalidity insurance in the Colony at present, practical provision is made by the levying of a small poor-rate payable by all employers of labour and owners of land and property for the maintenance of the Institutes for the care of Destitutes and Decrepits mentioned earlier.

Chapter 3: Public Finance and Taxation

General

As has already been stated earlier, North Borneo suffered relatively greater devastation than any other Colony, not even excepting Malta, and it is against this background of destruction that the financial situation must be reviewed.

From the re-establishment of civil Government in July, 1946, to the end of 1947 local revenue was in excess of recurrent expenditure, and during this period \$796,310 was applied from this revenue "surplus" to help pay for reconstruction. The main burden of reconstruction, however, fell inevitably on the United Kingdom Treasury. Grants-in-aid totalling \$4,000,000 and loans-in-aid amounting to \$1,285,714 were provided by His Majesty's Government up to the end of 1947. As the Colony's financial year (ending on 31st December) does not correspond with the United Kingdom financial year, the position at the end of either does not represent the true proportional picture.

Revenue and Expenditure

The following table shows the overall position:

	Ordinary Revenue (excluding Grants-in-Aid)	Expenditure	Deficit
15th July, 1946 to 31st December, 1946	\$1,833,259	\$2,550,697	\$717,438
1st January, 1947 to 31st December, 1947	\$7,021,000	\$9,169,000	*\$2,148,000

* This figure excludes \$2,591,078 in respect of redemption of pre-occupation currency.

At the time of writing, the Colony's accounts for 1947 have not been closed and entries for the month of December, 1947, are still being posted. The figures for 1947 are therefore not final.

Taxation

The principal revenue items for the two periods were as follows, the 1947 figures being again subject to adjustment:

	1946 (July-December)	1947
Customs	\$1,216,875	\$4,628,028
Lands	55,564	629,572
Posts	129,357	212,218
Telecommunications	58,892	133,000
Railways	149,432	394,008
Miscellaneous	223,139	1,024,174
	<hr/> \$1,833,259	<hr/> \$7,021,000

It will be seen that the basis of taxation is indirect.

In December, 1947, a decision was reached that an *ex-gratia* refund should be made of export duty on rubber produced from land that would have been exempt from rubber royalty payments under concessions granted by the Chartered Company. Rubber produced in future from such land would also be exempt from export duty. The annual loss of revenue due to this exemption is about \$800,000 or nearly 12 per cent of the 1947 revenue. To compensate for this loss, to provide further essential revenue and to spread the burden of taxation, the introduction of a tax on profits, possibly supplemented by other direct taxation, has been under consideration.

Customs and Export Duties

There is a general customs tariff for all articles entering the Colony. The highest import duty charged is on motor vehicles and accessories, 30 per cent *ad valorem*, perfumery and cosmetics, 25 per cent, and photographic materials, 20 per cent. Machinery, manufactured goods, textiles and clothing carry duties ranging from 10 per cent to 15 per cent, but in

most cases there is a preferential rate for articles originating wholly or partly within the British Empire. Duty on intoxicating liquors ranges from \$30 a gallon of whisky, gin, brandy and rum to \$1.20 a gallon on beer. Cigars carry a duty of \$7 per lb., tobacco varies from \$2.50 to \$4.50 per lb., and cigarettes between \$10 and \$12 per 1,000.

The highest rates of export duty are charged on turtles (20 per cent) and cultured pearls (15 per cent) *ad valorem*. Agricultural products generally carry duties ranging between 5 per cent and 15 per cent. The duty on rubber was changed in October, 1947, from a flat rate of 4 cents per lb. to a rate of $\frac{1}{4}$ cent plus 5 per cent *ad valorem*.

Expenditure

The main divisions of expenditure in 1946 and 1947 (subject to adjustment) were:

	<i>Personal Emolu- ments</i>	<i>Other charges annually recurrent</i>	<i>Special</i>	<i>Extra- ordinary</i>	<i>Total</i>
	\$	\$	\$	\$	\$
1946 (July-Dec.)	819,048	804,901	450,559	476,189	2,550,697
1947 . . .	2,700,016	2,538,300	1,846,650	2,084,034	9,169,000

Special and extraordinary expenditure was almost entirely used for the heavy needs of reconstruction.

Chapter 4: Currency and Banking

Currency

Before the Japanese occupation the Chartered Company issued their own notes and coins. On liberation, the British Military Administration introduced Malayan currency throughout the three Borneo territories. Chartered Company notes and coins remain legal tender but, when handed in to Banks or Treasuries, are not re-issued but redeemed at their face value by Malayan currency. Little of the Chartered Company currency remains in circulation and the normal medium of exchange is the Malayan dollar valued at 2s. 4d. The buying and selling rates fluctuate slightly in accordance with the Singapore market. It is estimated that in 1947 about \$7,000,000 Malayan currency was in circulation in North Borneo. The dollar is a little awkward to convert readily into pounds, but the following approximate methods may be of assistance:

- (a) dollars per month $\times 7/5$ = pounds per year.
- (b) to change dollars into pounds, divide by 10 and add one-sixth to the resultant figure.
- (c) nine dollars = one guinea.

Banking

The two banks operating in the Colony are the Chartered Bank of India, Australia and China, and the Hong Kong & Shanghai Banking

Corporation. Both have branches at Jesselton and Sandakan, while the Hong Kong Bank also has a branch at Tawau. Agency facilities are provided at Labuan.

Chapter 5: Commerce

The value of imports and exports during 1947 is shown in the following table, together with the corresponding figures for 1934-38.

<i>Year</i>	<i>Imports</i> \$	<i>Exports</i> \$
1934	4,788,943	10,051,987
1935	5,086,067	8,155,261
1936	5,281,410	9,476,119
1937	6,828,261	14,766,536
1938	6,355,633	9,765,105
1947	20,471,707	16,932,627

Imports

The main imports for the year were rice, textiles and clothing, tobacco, provisions and sundries. Comparative figures for 1938, 1939 and 1947 are given in the following table:

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C O R R I G E N D U M

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Page 15, chapter 5: COMMERCE, sub-head: Imports, line 2 695

For 1938, 1939 and 1947 read 1937, 1938 and 1947 277

The main exports for the year were rubber (\$11 $\frac{1}{4}$ million), timber (\$1 $\frac{1}{2}$ million), hemp (\$ $\frac{1}{2}$ million), copra (\$ $\frac{1}{2}$ million), dried and salt fish (\$ $\frac{1}{2}$ million) and firewood (\$ $\frac{1}{4}$ million).

Destinations and Sources of Goods

It was not possible to determine accurately the ultimate destination of all the Colony's exports, a considerable proportion of which went to

Hong Kong and Singapore for transshipment elsewhere. Sources of imports were also difficult to gauge owing to transshipment *en route*, but the estimated figures are as follows:

<i>Imports from</i>			<i>Exports to</i>	
Australia	25%	<i>Rubber</i>	Singapore	50%
United Kingdom	20%		United Kingdom	25%
Europe	18%		Europe	15%
Siam	10%		U.S.A.	10%
Asia	10%			
Philippines	8%	<i>Coco-nut</i>	United Kingdom	50%
Hong Kong	6%	<i>Products</i>	Hong Kong	35%
Canada	2%		Singapore	15%
U.S.A.	1%	<i>Timber</i>	Hong Kong	35%
			Australia	30%
			China	20%
			United Kingdom	13%
			Dutch Borneo	2%
			South Africa	
			New Zealand	
			Philippines	

Increase in Trade

Although the value of the Colony's import trade for 1947 pointed to some increase in the general volume of trade compared with before the war, an increase which is borne out to some extent by shipping figures, no proper comparison is possible because, although full details are not available, it is known that the prices of many commodities were, on the average, far higher than pre-war. The high import figures reflect the difficult period of rehabilitation through which the Colony is passing and are likely to continue until the effects of the war have disappeared. Export figures were disappointing in some instances and can only be improved when the necessary modern machinery and equipment have been imported. Towards the end of the year the value of exports exceeded the value of imports, and it appeared likely that this favourable balance might be maintained.

Chapter 6: Production

The primary products of North Borneo are mainly agricultural, among the more important being rubber, tobacco, hemp, coco-nuts, rice and sago. Next in importance are forest products, with timber coming second only to rubber as a producer of revenue. The mineral resources of the country have so far proved disappointing, but plans have been made for the visit of a geologist and an investigation into the possibilities of coal has been set on foot. Minor industries include the manufacture of coco-

nut and groundnut oil, the milling of rice, the sawing of timber and manufacture of pottery, but all of these are still in the development stage.

AGRICULTURE

The Department of Agriculture, which also supervises the fisheries and drainage and irrigation activities of the Colony, came into being as a separate entity late in 1946 when the appointment of a Director of Agriculture was approved and filled. The main objective of the Department was to encourage the greatest possible production of food, in particular rice. To this end a seed bank was established from which an ample supply of padi seed was made available to those areas where a total or partial loss of the 1946-47 rice crop occurred as the result of unseasonable conditions. This provision resulted in additional areas being put into cultivation for the 1947-48 crop, which was an excellent one. In addition to increased food production for local consumption, every effort was made to encourage the rehabilitation of rubber and coco-nut holdings and to increase the production of pigs.

Types of Crop Grown

The principal crops grown for local consumption include rice, which is by far the most important, coco-nuts, sago, tapioca, maize, ground-nuts, bananas, sugar cane, coffee, and various types of fruit and vegetables. The crops for export include rubber, which is the most valuable, copra and coco-nut oil, manila hemp, tobacco and sago.

Rice

Since the liberation of the country no complete census of the area under rice, either wet or dry, has been possible, but it is estimated that in 1947 the total area planted was in the region of 90,000 acres, of which at least 50,000 acres were under wet padi. Information obtained from past reports indicates that, with an average season, a total yield of approximately 22,000 tons of rice may be expected. Yield figures obtained from areas where an adequate supply of water is available show that, given irrigation or a controlled water supply, the average yield per acre could be materially increased and steps have been taken to this end.

The very adverse weather conditions which prevailed throughout the 1946-47 season, coupled with the disinclination of the people to plant up all available rice areas because of the lingering fear of requisitioning, which was a feature of the Japanese occupation, resulted in a very poor harvest. In the absence of exact figures, it is estimated that little more than half the normal crop was obtained.

Rubber

The rehabilitation of the larger European rubber estates proceeded steadily during the year. Production from small holdings showed a very substantial increase. The total area under rubber is estimated to be in the neighbourhood of 125,000 acres, over half of which is owned by small holders. Practically all small holdings are planted with non-selected

seedling trees, while of the total area under European management, only a fraction is under improved high-yielding clones. Approximately 113,000 acres consist of trees over 15 years old. The Colony's rubber industry therefore faces a difficult future unless some action is taken early to encourage replanting with high-yielding trees on the largest possible scale. The larger European estates are alive to the problem and in the case of small holdings a special committee is at present engaged in inquiring into the situation with a view to making recommendations on the action necessary to preserve and improve the industry.

Coco-nuts

The total acreage under coco-nuts is estimated at 53,000 acres, of which the greater part (some 44,000 acres) is in the Marudu Bay area and on the east coast. No new planting has been undertaken for many years past. A considerable area remains to be rehabilitated and is not yet back into production.

The slowness of rehabilitation is due to a number of factors. There has been a shortage of shipping in the producing areas and the cost of shipment to the United Kingdom has been very high owing to heavy transshipment and handling charges at Singapore and to long delays there on account of dock strikes. Shortage of labour and equipment has also been a dominant factor while the low price offered by the Ministry of Food (to which 50 per cent of the crop is consigned) compared with the world price, which is practically double, has not encouraged production.

On the other hand local consumption has increased in the absence of imported supplies of oils and fats for cooking, and the wide margin of difference between United Kingdom and world price has probably stimulated a good deal of smuggling of copra to neighbouring foreign territories.

The methods used for the extraction of coco-nut oil are still primitive, and the extraction rate seldom exceeds 40 per cent as opposed to a figure of 60 per cent obtained by modern methods. Apart from the loss occasioned by inefficient milling, the poonac (copra residue) obtained as a by-product contains an excess of oil. This poonac is an important feeding-stuff for pigs and the presence of extra oil complicates the problems of pig production where the market demands a lean carcass which cannot be obtained with such a diet. Steps are being taken to encourage the adoption of better methods of extraction with a view to eliminating these disadvantages.

Sago

It is estimated that the acreage under sago amounts to some 14,000 acres, which is sufficient to meet local requirements and to provide a surplus for export. Unfortunately, of the seven factories existing in 1939, only one has escaped destruction by war and that one is severely damaged. As a result the industry is more or less moribund and is only carried on as a cottage industry on a small scale resulting in a product unsuitable for export. Plans are being made to establish a factory using

modern machinery, and it is hoped that by this means the industry will eventually be revived.

Tobacco

There is only one estate in the Colony producing tobacco and production is limited to cigar wrapper tobacco. Native production is comparatively large, but the type of tobacco planted and primitive methods of preparation render it suitable for local consumption only. There is, however, some prospect of considerable improvement by the adoption of better seed, better methods of preparation and improved marketing.

Manila Hemp

The cultivation of this crop is confined to the area of volcanic soils on the east coast. In pre-war days the industry was almost entirely in the hands of the Japanese, and 1938 returns show that 4,812 acres were planted with this crop with an annual production for export of 1,260 tons.

Food and Other Minor Crops

The great need for foodstuffs, in addition to rice, which arose as a result of wartime conditions led to a temporary increase in the cultivation of other food-crops such as tapioca, sweet potatoes, groundnuts and soya beans. Attempts to obtain an increase of green vegetables, of which there is a chronic shortage in urban areas, have not had any great success. In the normal way vegetable requirements in rural areas are met from individual back-door cultivation augmented by supplies of wild vegetables. The cultivation of vegetables in the proper sense is a very minor industry chiefly in the hands of Chinese market gardeners who cultivate small gardens near the main towns.

Other crops of some importance include coffee and kapok, the cultivation of which is entirely in the hands of peasant farmers. Various types of fruit including papayas, bananas, mangoes, durians, mangosteens and pineapples are grown, but the quantities available are limited and in general the quality is poor.

Limiting Factors to Agricultural Development

The principal factors limiting the development of agriculture are a shortage of labour and equipment and a lack of communications.

The shortage of labour and equipment and its high cost have slowed up the process of rehabilitation and interfered with the opening up of new land, while the lack of communications limits any considerable extension of cultivation. Future development plans envisage a considerable increase in immigrant labour and the construction of a number of roads giving access to potentially important agricultural areas. Considerable areas of fertile soil exist in the interior, on the north-east coast and in the Semporna Peninsula. These areas will support a number of valuable economic crops and await development.

Agricultural and Padi Experimental Stations

There is at present no adequate agricultural experimental station in the Colony. Before the war a station existed at Sandakan but during the occupation it suffered complete neglect and has since been abandoned

as the cost of rehabilitation was prohibitive and the locality unsuitable. A smaller station is situated on the island of Labuan. This station also was neglected but has been rehabilitated in part and work there at present includes the establishment of a small clonal budwood nursery as well as experimental trials with rice, pulses and orchard crops. During the year a suitable area was chosen for the establishment of a Central Padi Experimental Station at Inanam, about five miles from Jesselton. At present work on this site is limited to the testing of imported pure strain padi varieties against local types, but considerable expansion is planned as soon as staff is available.

Irrigation and Mechanical Cultivation

The lack of population makes it desirable at present to limit any extension of cultivation to existing settled areas. Two areas where the acreage under padi can be expanded considerably exist near Bandau in Marudu Bay and in the Klias Peninsula. Both these areas are suitable for irrigation and the Bandau area is likely to prove suitable for mechanical cultivation.

The appointment of an irrigation engineer has been approved and the appointment has now been filled. The Colony has been fortunate in obtaining the services, on loan from Malaya, of a senior irrigation engineer, who has recently carried out an investigation of all the larger settled areas and has submitted an excellent report.

Agricultural Pests and Diseases

Small outbreaks of locusts occurred during the year, but effective control measures applied at an early stage reduced damage to a minimum. During the year damage from wild pigs assumed serious proportions in some areas and cultivators were reluctant to attempt production of any crop subject to damage by these animals. Before the war satisfactory control was achieved by the use of yellow phosphorus, but supplies of this poison have not been obtainable and in its absence arsenical poisons have been used with varying success. Towards the end of the year supplies of shot guns and ammunition became available for distribution in all districts.

Livestock

A considerable reduction in the numbers of livestock occurred during the Japanese occupation and it became necessary in consequence to restrict the slaughter of animals and to prohibit their export. Towards the end of the year, however, it became possible to relax the restrictions in the case of pigs. It is considered that the prospects of developing an important trade in livestock are encouraging, and to this end consideration is being given to the establishment of a stock farm and a pig-breeding station. No complete census of livestock has been possible owing to the lack of necessary staff, but available figures show that an increase in herds has already occurred and is being maintained.

FISHERIES

Early in the year funds were made available from Colonial Development and Welfare sources and an officer was appointed to undertake a

complete survey of the local fishing industry. The time required to complete this survey has been estimated at two years.

The fishing industry was severely disrupted as a result of the war, and many vessels and most of the fishing gear were destroyed. Some supplies of gear were received in 1946, but most of these proved, on receipt, to be unsuited to local requirements. The deep-sea fishing and canning industry operated by the Japanese from the islands of Banggi and Si Amil has ceased to exist, and all plant has either been destroyed or looted.

FORESTS

Based on an average over a period of six years, slightly less than 97 per cent of the total volume of timber exported from the Colony was produced by the botanical family *Dipterocarpaceae*. The most important commercial timbers are red seraya (*Shorea spp.*); selangan kacha (*Shorea spp.*); white seraya (*Parashorea spp.*); selangan kuning (*Shorea spp.*); Borneo mahogany (*Shorea pauciflora* King); keruing (*Dipterocarpus spp.*); selangan batu merah (*Shorea guiso* (Blco.) Bl.); Borneo camphorwood (*Dryobalanops spp.*); gagil (*Hopea spp.*, *Shorea spp.*); selangan batu No. 2 (*Shorea spp.*, *Hopea spp.*, *Vatica spp.*); merbau (*Intsia spp.*); selangan batu (*Shorea spp.*, *Hopea spp.*, *Vatica spp.*); billian (*Eusideroxylon zwageri* T. & B.).

Of these 13 commercial groups the bulk of exports to South Africa and Australia consist mainly of red seraya and white seraya. Small quantities of Borneo Camphorwood and certain lesser known timbers such as binuang (*Octomeles sumatrana*), sepetir (*Sindora spp.*) etc., were shipped to Australia. Timber to the United Kingdom consisted mainly of red seraya, white seraya, Borneo Camphorwood, Borneo mahogany, keruing, together with small quantities of selangan kacha, binuang (*Octomeles sumatrana*), sepetir (*Sindora spp.*) and nyatoh (*Palaquium sp.*). Normally Hong Kong takes all of the 13 commercial groups re-exporting most of the soft hardwoods to China and retaining the harder timbers for utilisation in the Colony.

Post-war there has been a tendency to exploit other and lesser-known timbers that up to this time have been considered non-commercial, and there are indications that some of those lesser-known species will become readily saleable as they become established.

During 1947 almost 4,000,000 cubic feet of timber were produced, of which roughly half, valued at over \$1,500,000, was exported. The year opened with a good demand at remunerative prices for both logs and sawn timber, but about mid-year prices fell slightly in certain markets and this tendency continued until the end of the year. Increasing supplies of logs were shipped to the Timber Control in the United Kingdom (almost a quarter of a million cu. ft.) and prices are reported to have remained steady. Restricted milling facilities, owing to lack of equipment and non-arrival of machinery, prevented any shipments of prime quality sawn timber being made to the United Kingdom.

Substantially increased shipments of logs (over half a million cu. ft.) were made to Australia—mainly to Sydney, Melbourne and Brisbane—but prices are reported to have fallen towards the end of the year.

South Africa came into the market for small supplies of soft hardwood peeler logs and sawn timber at satisfactory prices.

The Shanghai market absorbed fair quantities of soft hardwood logs (over a quarter of a million cu. ft.), but import and exchange control rendered trading difficult and substantially restricted shipments. Prices are reported to have fallen towards the end of the year owing to competition from the Philippine Islands and Dutch Borneo.

The demand in Hong Kong for hard hardwood logs remained strong throughout the year (over half a million cu. ft.) and although prices fluctuated they were generally satisfactory. Semi-hard hardwood logs were erratic in demand with prices decreasing in the latter part of the year. The demand for soft hardwood logs was generally poor and prices offered were generally considered to be unattractive. The cessation of log imports into South China owing to the unsettled conditions ruling there resulted in a large accumulation of stocks, principally semi-hard hardwoods and soft hardwoods, in the Hong Kong godowns, which resulted in a general tendency towards lower prices for these timbers. The demand from Hong Kong for sawn timber continued strong and prices, although not commensurate with the strength of the demand, remained reasonably remunerative.

Inquiries were received for logs and sawn timber from the Pacific Coast of North America and for logs from Italy, Germany and Japan, but no shipments were made during 1947.

The local demand for the lower grades of sawn timber slackened off considerably during the second half of the year as temporary housing construction diminished and permits for permanent construction were withheld pending the arrival of a Town Planning Officer.

Production of timber for export to world markets is mainly in the hands of two large European firms, and it is these two firms who also operate sawmills of any consequence. Two Chinese firms produce logs for export and almost their entire output is disposed of in Hong Kong. There are in addition some 15 small, more or less portable, sawmills of varying efficiency with average daily outputs of about 120 cubic feet operating throughout the Colony. The two European-owned mills, which at present are of a temporary nature, replacing the destroyed pre-war mills, have a maximum daily out-turn of about 500 cubic feet. These two temporary mills will be replaced by comparatively modern equipment as soon as the machinery that has been on order for over a year is received.

Minor forest produce valued at close on a million dollars was exported during 1947. This export is almost entirely in the hands of Chinese firms. Towards the latter half of the year one of the large European trading firms took a certain amount of interest in copal, damar, ratan, beeswax and julutong and set up small-scale facilities for cleaning, sorting and grading. The actual collection of minor forest produce is done by natives and is dependent largely on the need of the native for shop goods plus the success or failure of the pressure applied by the Chinese entrepreneur for recovery of advances made to the native collectors.

In the past most types of minor forest produce (excluding cutch, firewood, charcoal and edible birds' nests) were exported almost exclusively to Singapore, where they were cleaned, graded and re-exported to world markets. Prior to 1947, no grading and only very little cleaning had been done locally. Owing to the almost complete ignorance of European firms of the minor forest produce trade and the requirements of that trade, buying from native collectors has been almost entirely in the hands of Chinese dealers, and although various attempts have been made both by the Forest Department and Administrative Officers to obtain better prices for native collectors, no real improvement has been achieved.

The most important kinds of forest produce for export are beeswax, the produce of wild bees; edible birds' nests, black and white, produced by swiftlets of the genus *Collocalia*; charcoal manufactured from mangrove species; cutch, or mangrove extract, manufactured from the bark of several mangrove species; damar, a resin produced mainly by trees of the botanical family *Dipterocarpaceae*; copal, a gum produced by the tree *Agathis alba*, a relative of the kauri pine of New Zealand; mangrove firewood; jelutong, the coagulated latex of two species of the botanical genus *Dyera*; lakka wood, produced by the woody vine *Dalbergia parviflora*; rotans, consisting of the stems of a number of species of climbing palms; and Illipe nuts, the seeds of a number of species of the genus *Shorea*.

The most important type of minor forest produce is cutch, or mangrove extract, which is manufactured from the bark of several mangrove trees and particularly bakau (*Rhizophora mucronata*), bangkita (*Rhizophora apiculata*), and to some extent tengah (*Ceriops tagal*). The manufacture of cutch, which is in the hands of a European firm, is an important industry and one that contributes to the U.S. dollar-earning capacity of the Colony. The factory, which is situated in Sandakan, was seriously damaged as a result of the war, and it was not until about mid-1947 that it was sufficiently repaired and the Company was able to obtain enough transport (launches and lighters) to start production. Nearly 400 tons of cutch, with a value of over \$100,000, was exported during the year, and practically the entire output went to hard currency countries. Difficulties, owing to the shortage of labour which was prevalent throughout the Colony, in obtaining sufficient supplies of raw materials hampered production, and but little improvement in this respect had been made by the end of the year.

Chapter 7: Social Services

EDUCATION

General

During 1947 the existing school system was considerably expanded, the number of schools of all types increasing from 144 to 165 and the school population from 10,268 to 14,052.

An Ordinance to provide for the development and regulation of education was enacted on 17th April, 1947. This Education Ordinance defines the various types of school, makes provision for the establishment and constitution of an Advisory Committee for Education, and provides for the registration of teachers and the registration, inspection and control of schools.

Primary Education

Primary education, which has been reorganised to cover six years, can be considered under four heads:

- (1) Schools maintained by Government,
- (2) Mission schools aided by block grants,
- (3) Unaided Chinese schools chiefly maintained by local Chinese communities,
- (4) Private and estate schools.

Government Schools. All Government schools offer free education. These schools comprise 58 primary vernacular schools in which Malay is the medium of instruction, one primary English school in Labuan and one Government primary Chinese school established in 1916 to serve the needs of the Shantung Chinese settlement in Jesselton. The total number of pupils in Government schools in October, 1947, was 3,602 compared with 2,706 in September, 1946. Of these only 431 were girls and efforts are being made to increase the number of women teachers.

Twelve new Government vernacular schools were opened during the year and 15 additional new school units built either to replace temporary building or to provide extensions at existing schools. Owing to the lack of interior communications, development has hitherto been confined mainly to the coastal areas, and in order to remedy this schools were built during the year at Tampias on the Upper Labuk, and at Beluran and Klagan, which are strategic centres in the Labuk delta.

Malay textbooks were scarce, although the position improved towards the end of the year. There is a need for textbooks dealing with North Borneo, and it is intended to compile one on local geography and another on local history.

Practical activities in rural schools include gardening, basket-making in rotan and bamboo, toy-making in wood and clay, needlework and soap-making. School gardens are encouraged wherever possible, and a close liaison maintained with the Agricultural Department, which arranges for the supply of locally made tools and the distribution of seed. A large variety of vegetables is grown and a certain amount of fruit.

Aided Mission Schools. Mission-owned schools are open to fee-paying pupils of all races, and separate schools are usually provided for both boys and girls: The majority are English schools on the Malayan model. No Malay is taught, as it is the Missions' policy to introduce English at an early stage with a view to its becoming the medium of instruction as soon as possible. In such schools the pupils are mainly Chinese, but a few Indians, Dusuns, Malays and other races may also be included.

A second category of Mission school includes a small number of vernacular schools, usually with one or two classes, and a third type includes Mission Chinese schools. These are to be found mainly in the towns and resemble closely the traditional Chinese schools in which Mandarin is used as a medium of instruction, but provision is usually made for the teaching of English as a subject and for religious instruction.

Before the war seven Mission schools had junior secondary classes (i.e. up to the standard of Oversea Junior Certificate) in addition to a primary section. All these schools had a certain amount of hostel accommodation and facilities for games. Five of these schools were totally destroyed during the war and one was damaged. As a result the development of secondary education received a severe setback, but two boys' schools are now in a position to open secondary classes.

Chinese Schools. Chinese schools are of two kinds—public and private. The public schools, which comprise the vast majority, are essentially mixed schools established by public enterprise in the larger towns. Most of these are in the primary stage, but before the war four schools had junior secondary classes. The private schools, which numbered 17 before the war, were small mixed schools located in the home of a teacher who in some cases was assisted by his wife. At present there are only five such schools and their number does not appear likely to increase.

Estate and Private Schools. Eight private schools with a total enrolment of 219 pupils, of whom 39 were girls, were registered in 1947. Five of these were opened on the initiative of European estate managers in order to provide a basic primary education for the children of their estate employees. Three are situated in the Tawau and Lahad Datu districts and are essentially Chinese, and the other two at Beaufort and Tenom respectively are native schools with Malay as the medium of instruction. Three private English schools on an experimental basis were registered during the year, of which the most successful has been at Bingkor in the Keningau district.

Post-Primary Education

Building difficulties and lack of trained teachers and equipment held up the development of secondary education during 1947, but it was hoped to make a start in 1948, especially at Mission schools which have European personnel. A Government Trade School on the Malayan model will be built in 1948 at Menggatal, near Jesselton, for the pre-vocational training of students at a junior secondary level. Instruction will be in Malay, but English will be taught as a subject. Courses of instruction are to include carpentry and general mechanics, comprising fitting and bench work, training as blacksmiths, machine-shop practice, motor mechanics and welding.

Supply and Training of Teachers

The greatest handicap during the year was the lack of trained teachers. Since there were no facilities for the training of teachers in North Borneo, a few teachers trained at the Sultan Idris Training College in Malaya were engaged, but only those with the lowest examination qualifications were attracted to the North Borneo service. It is proposed

to build a Government Teachers' Training College in 1948 to accommodate 40 students on a two-year course.

At the end of the year the total number of registered teachers was:

<i>Schools</i>	<i>Men</i>	<i>Women</i>
Government	126	8
Mission	100	62
Chinese	141	36
Others	3	1
	—	—
	370	107
	—	—

Higher and Adult Education

It has not been possible to take advantage of the various education scholarship schemes sponsored by the Colonial Office (i.e. Nuffield Foundation Scholarships, British Council Scholarships, and those provided on a regional basis by means of grants under the Colonial Development and Welfare Acts) owing to the lack of students with the necessary educational qualifications.

Several interesting experiments by private agencies have been approved during 1947 and include a commercial course for adolescent girls at St. Mary's Convent School, Sandakan, evening classes for 60 students at Tawau, a similar type of class for 25 students at Kota Belud, and private afternoon classes in English at Bingkor for 43 students. The approximate attendance at these classes was 145.

HEALTH

Medical Department

The Medical Department maintains hospitals at Jesselton, Labuan, Papar, Beaufort, Keningau, Kudat, Sandakan, Tawau, Lahad Datu and Semporna. Subsidiary to the main hospitals there are dispensaries distributed throughout the districts. These are run by members of the subordinate staff under the supervision of the District Medical Officers and serve as feeders for the central hospitals. Medical facilities are brought to the more isolated communities by means of travelling clinics.

The treatment of lepers is carried out in a special settlement at Berhala, an island lying off the east coast close to Sandakan, where 44 patients are undergoing treatment. A decision has been taken to establish a central leper settlement for the Borneo territories where the patients can receive modern scientific treatment. Search for a suitable site is still in progress.

A similar proposal for centralisation has been made with regard to mental hospitals. Before the war there was one mental hospital in the country, situated at Sandakan, with accommodation for 110 patients. The old buildings have been restored and the population is now 30.

Buildings and Equipment

Reconstruction and repair of hospital buildings destroyed or damaged during the war continued throughout the year. At Jesselton first- and second-class wards were completed in temporary materials, as were also a laboratory, a storeroom, mortuary, library, extra quarters for

At Jesselton a portable X-ray apparatus, left behind by the Australian Army, was reassembled by 1st September, and from then until the end of the year 101 X-rays were taken. At Labuan the X-ray equipment was damaged by lightning, necessitating extensive repairs.

In all areas the year was notable for a steady resumption of control over conditions which had arisen or been aggravated as a result of Japanese occupation, and in many areas it was noticeable that the general standard of health had risen considerably. There were definite reductions in the incidence of beri-beri, yaws, ringworm and scabies, and although deficiency states showed an increase in some areas, they were of the avitaminosis type rather than definite beri-beri or pellagra cases.

Tuberculosis accounted for a number of cases during the year and appeared to be increasing. Malaria was prevalent on the east coast and constituted a major problem in the Sandakan district. Here malaria was the causal factor in 158 deaths and a contributing factor in 83. Tropical ulcers were also prevalent on the east coast.

The Child Welfare and Maternity staff consists of a health visitor, a staff nurse, 4 midwives, 2 assistant midwives and 4 pupil midwives. The activities of this department in Jesselton are tabulated below:

Number of maternity cases delivered . . .	154
Sick women sent to hospital . . .	49
Sick women sent to out-patient dept. . .	106
Children sent to hospital . . .	41
Children sent to out-patient dept. . .	124
Special emergency calls . . .	362
Ante-natal visits . . .	365
Post-natal visits . . .	920
Maternity after-care . . .	1,363
No. of deaths reported: mother . . .	1
babies . . .	12
Children treated by department or district . . .	576
Women treated by department or district . . .	477

The work of the department showed an all-round increase on the previous year. Attendance on mothers and children is continued for ten days after delivery and no maternal or infant death occurred during that period. No babies died under two weeks after birth but in one month seven babies died, all over three weeks old. In all these cases home conditions were unhygienic and mothers and children were living in cubicles under crowded conditions.

The teaching of cleanliness, proper feeding, the importance of fresh air, etc., is being continually carried on, but the results are affected adversely by the resistance of custom, superstition and inertia.

The effects of the war are still to be seen in the increased numbers of mothers who, generally debilitated but suffering from no organic disease, are not equal to the strain of pregnancy, this debility being fostered by defective housing conditions.

Vital Statistics for 1947

Births and Deaths. No figures for births and deaths are available for the period 1939-45. In 1946 registration was resumed and 4,377 births and 3,976 deaths were reported, the returns being very incomplete. During 1947 births totalled 6,630 and deaths 5,136, a figure which is probably near the average.

Causes of Death. The main causes of death are malaria, pneumonia, bronchitis, cardio-renal disease and undiagnosed fevers which are largely malarial. Epidemic outbreaks of malaria occur but other epidemic disease is almost unknown. The introduction of smallpox from Malaya and China is always a possibility.

HOUSING

Rural Housing

The housing needs of the rural population of North Borneo are essentially simple, and have so far presented no difficult problems. The more settled and prosperous Dusuns of the coastal and inland plains have abandoned their forefathers' custom of living in communal houses, and their villages normally consist of a number of separate houses clustered together among fruit and coco-nut trees. These houses, as everywhere in North Borneo, are raised above the ground on piles and entered by means of a ladder or notched tree trunk. Construction is simple—wooden posts, bamboo, bark or occasionally plank walls, and a thatched or "attap" roof, made from the leaves of the nipa or sago palm, materials which are nearly always available locally.

Among the Muruts and Hill Dusuns communal houses are still to be found, but now that the reasons for their existence have vanished and communities no longer need to band together for self-protection, the practice is gradually dying out. A Murut communal house may be as much as 200 feet long and contain the whole village. It consists of a long central passage with family cubicles opening off on both sides, and an open space in the centre for the large communal rooms and a sprung dancing floor. An alternative pattern is a wide public veranda running

the full length of the house, with doors leading off into the family rooms, each with its own primitive hearth. These houses rarely last more than seven or eight years and during this period the roof may have to be re-thatched several times.

Urban Housing

In the main towns the housing problem since the war has been acute. Sandakan and Labuan were totally destroyed and Jesselton badly damaged in the operations immediately preceding the liberation. Since the war temporary settlements have sprung up on the old building sites and building licences have been granted for two years for these structures while awaiting the preparation of suitable town plans. This has resulted in serious overcrowding and the danger from fire is still very great. It was estimated in November that in Jesselton itself about 10,000 persons were housed in approximately 600 buildings—an average of at least 16 occupants for every house with an average living space throughout the area of little over 31 square feet per person.

Government Quarters

One of the immediate tasks facing the Public Works Department in 1947 was the urgent provision of housing for the greatly increased staff of senior and junior Government officers. Sixty-eight of the 72 houses used by senior officers before the war had been damaged or destroyed. Emergency measures were put in hand, and during the year five semi-permanent timber houses and 45 temporary houses were constructed. Junior staff quarters had been damaged to a similar extent and 133 temporary houses had been built from the resumption of Civil Government to the end of the year under review. These temporary buildings consisted of a light timber framework, "kajang" walls and an "attap" roof and were not expected to last more than a few years. Shortage of skilled and unskilled labour, and the high cost of materials, resulted in very heavy building costs. Senior officers' married quarters built during the year cost \$15,000 each to build and furnish, and the cost of junior officers' quarters was correspondingly high.

Although this type of construction is uneconomic in the long run, there was little else in the circumstances that Government could have done. The result was that officers returning to the Colony were provided, with few exceptions, with weatherproof houses equipped with the minimum light and water services and with indoor sanitation. The erection of permanent buildings during this period was out of the question owing to the lack of skilled tradesmen, the exorbitant cost of labour and materials, and the fact that no comprehensive town plan was available for any of the areas to be built up. The 1947 building programme was of necessity mainly an effort to provide urgent temporary accommodation until plans for development were finally settled. It was hoped that with the arrival of a Town Planning Officer and the appointment of a Government Architect, schemes would be prepared for the modern layout and planning of the Colony's towns.

Rest Houses

Rest houses for the accommodation of travellers and visitors to the Colony exist in most towns but the standard of comfort varies considerably from place to place. Rest houses were built at Jesselton and Sandakan during the year, and a standard charge of \$3 a night, exclusive of meals, was authorised for all rest houses under Government control.

SOCIAL WELFARE

As has already been mentioned elsewhere in the report, a considerable number of persons were murdered by the Japanese or died of starvation during the occupation, and Government was faced with the problem of providing for their dependents. Up to the latter part of 1947 some assistance had been given either by private charity, by public subscription or by small grants from Government. It was considered necessary to set up a proper system for the purpose of providing relief and the Secretary of State agreed to the establishment of a War Victims' Fund. A bill to govern this fund was accordingly agreed to in December. The estimated number of people in need of assistance was 3,000 adults and 7,000 children, and proposals were made for helping those capable of earning their living by means of grants and loans, and for providing free education to the children. Subsistence would be given in cases where adults either had no means of support or through age or infirmity were unable to earn their living, and where mothers were unable to support their children during the education period. The sum required might be in the region of £100,000, most of which would be needed over the next seven years, and would have to be provided by voluntary effort. Generous gifts for the fund have already been received, including one of £8,000 from the Lord Mayor of London's fund and one of £A5,000 from the Australian Red Cross.

Chapter 8: Legislation

Laws applicable in the Colony

The laws applicable in the Colony as at 1st January, 1947, fall into five divisions:

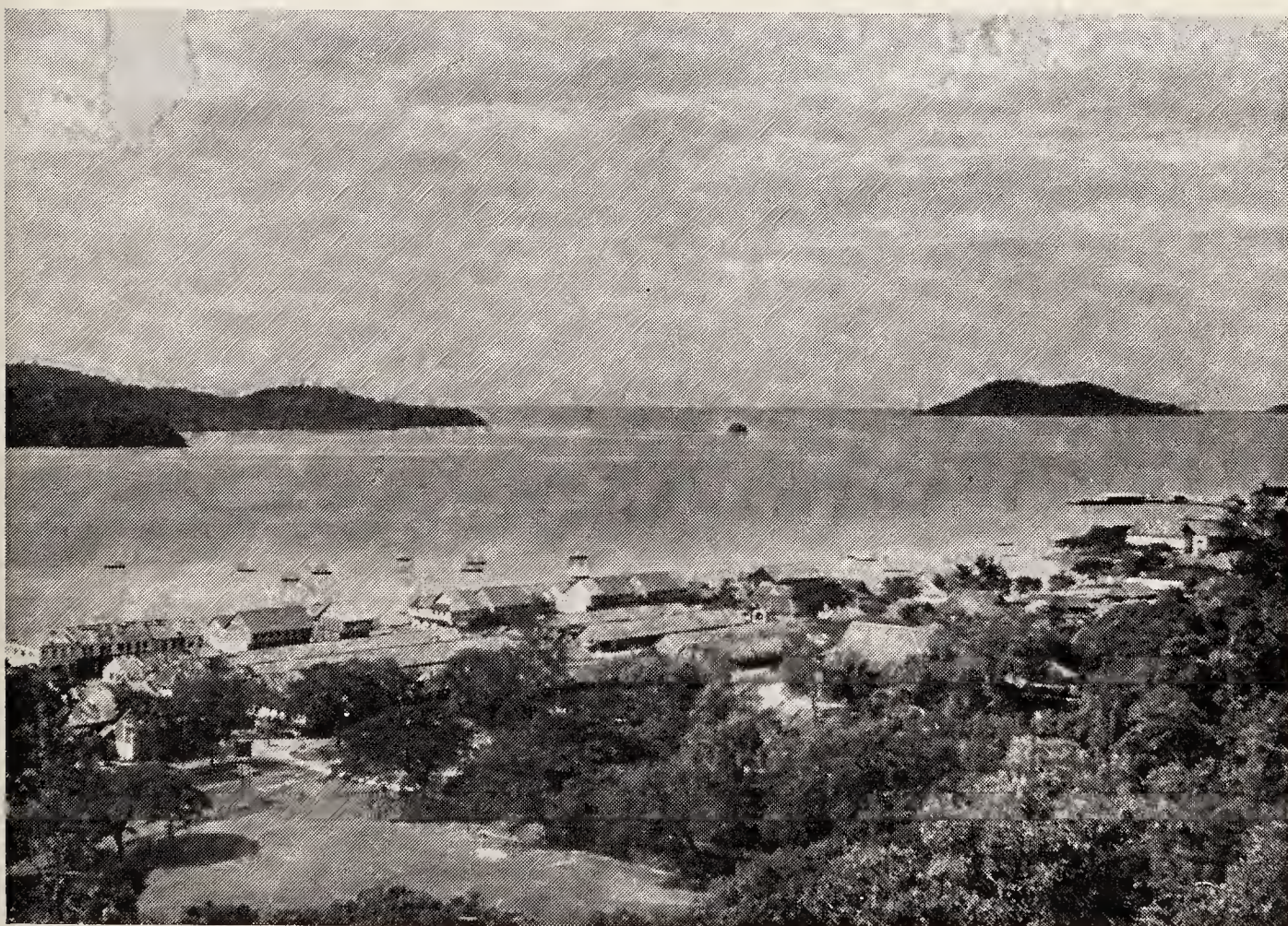
- (1) Ordinances of the State of North Borneo.
- (2) Straits Settlements Ordinances still applicable to Labuan.
- (3) British Military Administration Proclamations.
- (4) Essential and Emergency Regulations.
- (5) Ordinances of the Colony of North Borneo.

The North Borneo State Ordinances date from the administration of the North Borneo (Chartered) Company, while the Straits Settlements Ordinances have applied to Labuan since 1907. These two territories were administered after the liberation by the British Military Administration until the return of civil Government, and the establishment



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DRYING HEMP: MOSTYN



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JESSELTON: TOWN AND HARBOUR



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VILLAGE IN THE INTERIOR: KEROKOT



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LOGGING OPERATIONS: SANDAKAN



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MOUNT KINABALU: SOUTHERN ASPECT



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EAST COAST FISHING VILLAGE: SEMPORNA



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VILLAGE SCHOOL: TUARAN



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PADI CULTIVATION NEAR TENOM

of the Colony of North Borneo on 15th July, 1946, when an Attorney-General was appointed and legislative power assumed by the Governor with the assistance of his Advisory Council.

Before the Japanese occupation, regulations under the Emergency Powers (Defence) Ordinance had been promulgated and some of these, together with the British Military Administration Proclamations and Essential Regulations, still form part of the legislation applicable to the Colony, but it is proposed that these should be repealed or incorporated into the statute book as soon as possible. Much of this legislation, however, differs from the normal emergency legislation. As in other Colonies in South East Asia, it deals with problems of enemy occupation and cannot be removed as quickly as elsewhere.

Legislation during the Year

During the year under review, 35 Ordinances received assent, among them some dealing with the unification of the law in the Colony and necessary for administrative purposes. The following in particular were unifying Ordinances, which in some instances embodied minor amendments:

Arms and Explosive Ordinance

Customs and Excise	„
Food Control	„
Forests	„
Immigration	„
Liquors Revenue	„
Medical Registration	„
Merchandise Marks	„
Midwives	„
Pawnbrokers	„

Another group of Ordinances were the Price Control Ordinance, Custodian of Property (Amendment) Ordinance, Custodian of Property (Vesting) Ordinance, Rent Control Ordinance and Transfer of Powers and Interpretation Ordinance. All of these arose from British Military Administration legislation, which was incorporated with necessary amendments into the statute book.

The Reconstitution of Land Title Registers Ordinance and the Merchandise Marks (Amendment) Ordinance dealt with the reconstitution of registers lost during the occupation period, and further legislation on the subject is in draft. The laws on education and on probate and administration were also rewritten and unified for the whole Colony.

Other Ordinances passed dealt with Radio-Active Minerals, Highways, Exemption from Customs Duty, Undesirable Publications, Sedition, Trade Unions and Societies, and the constitution of the High Court was altered. The Presumption of Survivorship and the North Borneo War Victims' Fund Ordinances provided for abnormal circumstances arising out of the war.

Chapter 9: Justice, Police and Prisons

JUSTICE

System of Courts

The courts of the Colony of North Borneo for the administration of civil and criminal law are:

The High Court,
The Sessions Courts,
The Magistrates Courts,
The Native Courts.

The High Court is composed of the Chief Justice and such other Judges as are appointed under the Procedure Ordinance, 1926, and is a court of unlimited criminal and civil jurisdiction. Appeals from the High Court lie to the Full Bench of the High Court which is constituted by three more Judges with the Chief Justice when available as President.

For the convenient conduct of judicial work the Colony is divided into sessional and magisterial divisions corresponding with areas administered by Residents and District Officers respectively.

The Sessions Courts' jurisdiction is prescribed by the Criminal and Civil Procedure Codes and the local ordinances. Appeals lie from the Sessions Courts to the High Court which may be constituted either by the Chief Justice alone or by two or more Judges when called upon by the Chief Justice. All sentences of death passed by a Sessions Court are subject to confirmation by the Chief Justice and all sentences of death or imprisonment of 10 years or more passed by the Sessions Court are subject to review by the Governor. Criminal trials in Sessions Courts are held by a Judge sitting with not less than three Assessors, but the Judge is not bound to conform to the opinions of the Assessors although he must pay them due regard. There is as yet no jury system in the Colony.

The Magistrates Courts are divided into four classes, District, First Class, Second Class and Third Class. Their civil jurisdiction is limited to suits the value of which does not exceed \$500, \$500, \$250 and \$100 respectively, and criminal jurisdiction as assigned by the Criminal Procedure Code, with some extensions or limitations imposed by local ordinances. Appeals from the District or First Class Magistrates lie to the High Court, and from the Second and Third Class Magistrates to the District Magistrates.

Native Courts have the jurisdiction given by the Native Administration Ordinance, 1937, from which an appeal lies to the District Officer, from the District Officer to the Resident and from the Resident to the Governor.

System of Criminal Law

The Criminal Law of the Colony is based on the Indian Penal Code with amendments. The Indian Criminal Procedure as amended by the Procedure Ordinance, 1926, governs criminal procedure, and the Indian Civil Procedure Code as amended by the Procedure Ordinance, 1926, governs the civil procedure of these courts. There are a large

number of adopted acts and local ordinances. A great deal of the law and procedure is unduly complicated, and it is proposed to repeal or amend the system in drastic fashion as early as possible.

POLICE

Post-war Conditions

The post-war period in North Borneo has shown a remarkable record of non-violence and low incidence of crime, for which the law-abiding character of the population, amply demonstrated by the excellent war records both of civilians and of members of the Forces, may be considered responsible. Although crime statistics show increases over those of pre-war years, this is more than offset when the opportunities offered by urban devastation, displacement of population and official incitement to violence against the Japanese prior to the liberation are borne in mind. No crime wave such as has been and is still being experienced by other Far Eastern territories has occurred in the Colony.

Organisation of the Force

The police force—the North Borneo Armed Constabulary—numbers some 700 in all ranks and is commanded by a Commandant assisted by European Superintendents and Indian and native inspectors. The majority of other ranks, some 600, are recruited from native races, of whom Dusuns, nearly 400, predominate. Muruts and Bruneis, with nearly 100 each are also strongly represented. There are some 40 Indian other ranks, of whom half are Sikhs and half Mohammedans.

The men comprising the body of the Force and the recruits being accepted are of a good type, with character, intelligence and a willingness to be taught. During the year as many of the older men as possible were sent on much overdue long leave. A large number retired on medical grounds, chiefly with tuberculosis.

A considerable increase has been approved in the establishment of officers, which will become effective over the next two years. These appointments will enable a more complete training to be given at the Depot and ensure greater supervision, direction and instruction and the maintenance of a larger number of stations than is at present possible.

During the year the Criminal Records Office and the Fingerprint Bureau were enlarged. New and improved recording methods were introduced. C.I.D. equipment including dark room and studio requirements were placed on order and it was hoped when this arrived to start the training of specialists.

Material Difficulties

One of the main difficulties in combating and preventing what little crime there was, was the lack of transport and communications. Each town or village is a unit in itself and, except in some areas on the west coast, even if notification is received, assistance cannot be sent without very considerable delay. Where there are roads or water communication the lack of vehicles or launches frequently precludes both immediate action and the use of preventive patrols. The accommodation problem,

as everywhere in the Colony, was difficult, in spite of the erection of temporary buildings. Stores and equipment were in better supply, and by the end of the year it was possible to provide the men with satisfactory equipment.

Types of Crime

Criminal statistics showed a satisfactory downward trend in serious offences. The 1946 figures are not altogether reliable as a guide, but are sufficient for the purpose of general indication.

<i>Offences against the person</i>						
	<i>Murder</i>	<i>Attempted Murder</i>	<i>Culpable Homicide</i>	<i>Grievous Hurt</i>	<i>Minor Offences</i>	<i>Rape</i>
1946	21	1	12	37	340	3
1947	9	4	6	25	167	5

<i>Offences against property</i>					
	<i>Robbery</i>	<i>House Breaking</i>	<i>Major Theft</i>	<i>Petty Theft</i>	<i>Minor Offences</i>
1946	23	17	257	608	386
1947	12	24	261	485	169

The value of stolen property was \$159,597 compared with \$320,993 in 1946. Extortion, criminal breach of trust and cheating showed little change. Opium and chandu cases numbered 26 in 1947, none having been reported during the previous year. For 1946, in a total of 2,357 criminal cases, 1,102 were brought into court and 1,465 persons convicted. In 1947 criminal cases amounted to 2,418 with 1,384 prosecutions in court and 1,486 persons convicted.

Traffic has hitherto been of little account, but an increasing number of vehicles demanded attention and 522 cases were taken during the year. A large number of these were for first and minor offences and warnings were issued. There were 283 prosecutions with 279 convictions. The 1946 figures were 46 cases, 25 prosecutions, 22 persons convicted.

PRISONS

General

The prisons and lock-ups are under the control of the Commandant as Inspector of Prisons and other constabulary officers as Superintendents of Prisons. The subordinate staff is recruited for the Prison Service and does not form a part of the constabulary. The two principal gaols are situated at Jesselton and Sandakan.

Buildings

The buildings at the two principal gaols are not up to standard, particularly at Sandakan. Most of them are of a temporary nature, and while suitable for housing, do not have satisfactory kitchens, baths and latrines. The smaller lock-ups suffer from the same defects but they are for short-term prisoners only, the greater number of whom spend most

of their day on outside activities. There is not, therefore, the same need for improved surroundings. Comprehensive plans for rebuilding have been made and work is already in hand at some stations. Jesselton Gaol is due for reconstruction during 1949 and necessary improvements at Sandakan are scheduled for the same period.

Prisoners

There were 1,259 male and 57 female admissions during 1947, the age groups most affected being as follows:

<i>Age Group</i>	<i>Admissions</i>
19-20	146
21-25	264
26-30	245
31-35	198
36-40	146

Escapes numbered 16. Two groups of three broke out of Jesselton Prison early in the year and two men escaped from Beaufort lock-up. The remainder were single escapes from outside work. Recaptures numbered 20, the additional men having escaped during 1946. Two men who escaped during 1946 are still at large.

The main races represented are as follows:

<i>Race</i>	<i>Approximate figure per mille of race</i>	
Natives	701	3
Chinese	367	5.5
Indonesians	76	8
Malays	44	7

Although an exact figure cannot be given, it is known that the majority of the Chinese prisoners are not locally born but comparatively recent arrivals. It is estimated that 40-45 per cent of the prison population came from outside the Colony. In addition many of the native prisoners shown above were not undergoing sentences for criminal offences, but sentences imposed by the Native Courts in lieu of payment of fines for offences against native custom, usually sexual misdemeanours.

A variety of trades including bootmaking, carpentry, metal and rotan work are taught in the prisons. Prisoners in lock-ups are employed on outdoor labour consisting mainly of clearing overgrown areas.

In general the health of prisoners improves during their sentences, but little can be done to stay the recurrence of what may be termed the indigenous diseases of the country, malaria, tuberculosis and worms, which form a great part of the cases treated. Prison diets were improved towards the end of the year on the recommendations of a visiting specialist.

During the year Boards of Prison Visitors were appointed, and their inspections and suggestions resulted in a number of improvements.

Chapter 10: Public Utilities

WATER

In rural areas drinking water is obtained from wells, ponds and streams, the supply being ample but liable to contamination. The position in the main towns is as follows:

Jesselton. The water supply is derived from a 240-acre catchment area at Bukit Padang, where it is impounded in a reservoir of over 6,000,000 cubic feet capacity. It is then pumped to an elevated settling tank and from there gravitated to the town in a 6-in. diameter cast-iron pipe. Chlorination is applied at the settling tank and the quantity of water pumped is 120 gallons a minute.

The original pumping engines installed in 1928 are very old and dilapidated but, as a result of careful nursing, no serious breakdowns occurred during 1947. Distribution of water throughout most of the town was done by water cart and allowed for 12 gallons of water per head per day of the population. New engines were ordered and were expected to arrive in the Colony in 1948, when they will be installed.

Despite the shortage of staff, investigations were carried out with a view to providing a better water supply for the growing population of Jesselton. It was thought that an upland stream at Kiangsam would be ideally situated to provide an adequate water supply by gravity and so do away with the need for pumping. At present the source of water is being gauged, and gaugings will continue throughout 1948 to determine if the flow of water is constant. When this has been done, it is proposed to conduct the water in a 12-in. diameter pipe to a reservoir and filtration plant to be situated on the highest hill in Jesselton. From this point it will be distributed throughout the town under adequate pressure for fire-fighting purposes and watering ships. This source of water is estimated to be capable of supplying a future population of 15,000 at the rate of 100 gallons per head.

Sandakan. The original water supply for Sandakan was brought from a distance of four-and-a-half miles, the water being pumped for three miles by steam to a sediment tank. It was then fed to a 50,000-gallon tank and from there by gravity to standpipes in the streets and various buildings.

During the year the gravity supply from the reservoir proved adequate for the needs of the town until July, when lack of rain necessitated the use of the pump at Batu Lima. An unusually long dry spell prolonged the necessity for pumping up to December, after which only occasional use of the pump was necessary to augment the gravity supply. A number of private water supply connections were made in the town and additional public standpipes provided. Water for shipping was available throughout the year, and a total of 1,598,390 gallons was supplied. A chlorination scheme was also introduced during the year.

Labuan. The present water supply on Labuan Island is obtained from wells which were drilled by the Armed Forces during the liberation operations. It is considered that the life of these wells is probably very

limited and their use is extremely expensive, as a separate pump is required for each hole. The pre-war impounding reservoir was rendered useless during the war by the construction of the air-strip by the Japanese, and it is intended to investigate alternative sources of supply at an early date.

ELECTRICITY

The installations at Jesselton, Sandakan and Labuan were operated by the Japanese during the occupation, and although overworked and badly maintained, were running up to the time of the liberation. Allied bombing caused considerable damage to the plant in these towns, and the cessation of all supplies.

Jesselton. Before the war the Jesselton Ice & Power Co. Ltd. operated a concession for the supply of electricity and ice in agreement with the North Borneo (Chartered) Company, a concession which they had held continuously since 1913. The plant, which was both old and worn, was considerably damaged by bombing, and the Japanese did what damage they could by fire before surrendering. As a result no power was at first available, but the Military Administration eventually produced a small amount of lighting from portable army generators and later carried out repairs to some of the pre-war plant. Overhead wiring was arranged temporarily, partly with pre-war lines and partly with borrowed wire.

The Jesselton Ice & Power Co. Ltd. did not take active steps to resume their concession, with the result that the Public Works Department has operated the plant and paid the Company's pre-war employees since the resumption of civil Government. A post was established for an Electrical Engineer in the Department, but he had not arrived by the end of 1947. A co-ordinated scheme for rehabilitation could not therefore be drawn up and the temporary Military Administration arrangements were continued throughout the year. The plant in operation at the end of the year under review had a capacity of 154 kw., mixed A.C. and D.C., and a part-time service was provided to Government offices, quarters and commercial premises.

Sandakan. Electricity in Sandakan was supplied before the war by the Sandakan Light & Power Co. Ltd., who held a concession dating from 1922. Their plant, which had consisted of a steam station operating on saw-mill waste, suffered heavy damage from Allied bombing and a temporary service was instituted by the Military Administration with portable army generators.

The Company returned to operate their concession and went ahead with installing plant, rewiring, installing street lights and supplying private houses. A number of Government buildings which were rewired by the Public Works Department were also supplied. The supply was steadily maintained from 6 p.m. to midnight daily.

Labuan. The installation on Labuan was operated by the Malayan Government before the war and during the Allied bombing the generating station was completely destroyed. The Military Administration installed portable army generators and arranged temporary wiring,

providing a night-time supply to Government offices, private houses and some shops. The Public Works Department has since been running this installation, but it has not been found possible to make it self-supporting as the plant is petrol driven and expensive to run. This plant, which is all A.C., has a capacity of 45 kw.

There are small privately owned lighting sets in Beaufort, Papar and Tawau, all in a poor state of repair. A certain amount of equipment for the Jesselton and Labuan installations, ordered under the first phase of the Brett Indents to cover the first six months of military occupation, has slowly been coming forward, but not enough to enable any extensive rehabilitation work to be carried out. It was possible to meet some needs, chiefly for domestic installations, by local purchase.

Chapter 11: Communications

ROADS

The construction of roads in North Borneo is subject to many difficulties occasioned by the topography and climate of the country. The main centres of population are separated in many cases by formidable mountain ranges and swamps, while the rivers on the east and west coasts are liable to sudden and severe flooding. Heavy rains at certain seasons of the year add to these difficulties, particularly in steep and mountainous country, where the danger of the roads being washed away necessitates a metal surface and sealing with asphalt.

Before the war the total road mileage in the Colony was comparatively small and consisted mainly of some 103 miles of metalled road constructed by the Chartered Company. These roads are all in and around the main towns of Jesselton, Sandakan, Kudat, Tawau and Lahad Datu and in the vicinity of a few of the larger estates. Although varying in width between nine and 15 feet and consequently inclined to be narrow, they were soundly constructed to a good specification. Around Kudat and Keningau there are further systems of gravelled roads, averaging similarly up to 15 feet in width, with a total length of some 100 miles. Apart from these roads there is a system of bridle paths totalling 100 miles, passable to ponies and occasionally to jeeps, which serves to link up the interior of the country with the main centres on the west coast. During the war a small mileage of roads was constructed by the Australian forces at Labuan and a few miles of earth roads were completed by the Japanese on the mainland.

During the Japanese occupation and subsequent operations, the whole of the road system fell into serious disrepair. Japanese traffic using the roads included heavy carts and tracked vehicles, and little or no maintenance was carried out to compensate for the resultant damage. It was estimated when civil Government was resumed that it would be necessary to re-metal all the first-class roads and relay the gravel roads.

In 1947 the Public Works Department carried out a considerable amount of reconstruction and repair work, and it was estimated that rehabilitation of all roads damaged by operations or neglect during the

occupation would be completed by the end of 1948. The demolition of bridges carried out by evacuating troops was remedied by the construction of strong temporary bridges of timber, and it was hoped that Bailey bridges would become available from ex-military stock to improve road communications still further. A comprehensive Road Development Scheme for the Colony was drawn up during the year. Essential road-making equipment was placed on order with the Crown Agents.

RAILWAYS

The North Borneo State Railway was completed in 1905 and since that time has provided the principal means of communication on the west coast and between the west coast and the interior. The line which is of one metre gauge runs south for 57 miles from Jesselton to Beaufort, and on for some 39 miles through the Padas Gorge to Melalap. Another section, 20 miles in length, runs from the south side of the Padas River at Beaufort to the coast at Weston, a small port on Brunei Bay. The Jesselton-Beaufort section runs through the main rubber lands of the country and the important rice-growing area round Papar. The section from Beaufort to Melalap runs for 25 miles along a ledge cut in the steep slopes of the Padas Gorge, the remaining 14 miles crossing a fertile plain and passing two important rubber estates, where the majority of passengers and goods are collected.

The railway was extensively damaged during the war. The rolling stock was to a great extent destroyed, the track suffered from lack of maintenance, and the main bridges were blown up. Essential relief supplies from overseas were not available and the railway was forced to improvise with such remnants of locomotives, stock, plant and equipment as had escaped destruction, nearly all of which were in poor condition. A census of the rolling stock in service on 31st December, 1947, showed a decrease of over 50 per cent compared with the figures for 1941. Only seven locomotives were in service, as compared with 13 before the war, and the number of coaches and covered goods vans had decreased from 97 to 38.

Work on the re-establishment of the locomotive, carriage and wagon workshops continued throughout the year, although handicapped by the absence of necessary plant and materials.

The Callender Hamilton Bridge, over the Papar River, which was under construction by the 319 Indian Bridging Company during the latter part of 1946, was completed and opened for traffic on 6th March by His Excellency the Governor, thereby establishing through traffic between Jesselton and Beaufort for the first time since the cessation of hostilities. With the re-establishment of through transport traffic increased materially and a revision of the tariffs was put in hand. The new scale giving a general increase of roughly 33 per cent on pre-war rates was introduced on 16th October, and together with the re-introduction of fares on a mileage basis resulted in passenger traffic jumping from 8,140 in September to 21,227 in December. Passengers carried during the year totalled 123,311 and goods tonnage amounted to 22,068.

On the Beaufort-Melalap section the condition of the track generally did not permit the employment of steam locomotives, and the service was maintained with Army two foot gauge petrol locomotives converted locally to metre gauge. These locomotives, though only able to haul a limited load, succeeded in providing this section with two services daily and in meeting the essential needs of transport.

There were three accidents resulting in loss of life and personal injury, one person being killed and two injured, and 15 derailments, 12 of them of a minor nature. Delays to traffic were numerous but unavoidable although the standard of punctuality of services was, in the circumstances, particularly good.

Labour conditions were difficult throughout the year both from the standpoint of numbers and quantity, the position being particularly acute in the early months. Fortunately, many of the gangers were old railway servants and this proved of great assistance in the direction of new and unskilled labour.

HARBOURS AND SHIPPING

The harbours and port installations in the Colony received very severe damage during the war years. At Sandakan the Government wharf was burnt down, the decking destroyed and the piles badly damaged. Labuan, which was the first objective of the Allied Forces re-occupying Borneo, suffered particularly, and the port of Victoria practically ceased to exist. At Jesselton the wharf, railway causeway and harbour buildings were all badly damaged, and storage accommodation destroyed. The wharf at Kudat was destroyed.

After the liberation temporary repairs were carried out at all the main ports. The 300-ft. wharf at Sandakan was reconstructed in wood and the damaged piles patched up, an entirely new wharf (the Liberty Wharf) was built by the Australians at Labuan and a further wharf has since been repaired. The facilities at Jesselton, Kudat and Tawau were temporarily repaired.

During 1947 the Public Works Department carried out more urgent repairs to all the temporary structures as and when required, but it became increasingly evident during the course of the year that these temporary measures were scarcely adequate to deal with existing traffic and allowed for little in the way of further expansion. Plans were accordingly drawn up for the reconstruction and improvement of all the more important harbours so as to be able ultimately to provide facilities for ocean-going vessels of 8,000 tons or more.

Navigational aids—particularly important in the difficult waters around the North Borneo coasts—also suffered from the war. All lights were destroyed, and up to the end of 1947 only some 50 per cent had been restored, many only with low power. Many ships' masters were still anchoring at night rather than sail through the northern channel during darkness.

The shipping services operating to North Borneo during the year were as follows:—

The *Blue Funnel Line*, calling once a month at Labuan and proceeding to Sandakan to load timber for the United Kingdom.

The *Australia-China Line*, calling at Sandakan and occasionally Tawau and loading timber for Australia.

The *Eastern and Australia Line*, a P. & O. subsidiary, calling occasionally at Sandakan.

The *Bank Line*, calling occasionally at Sandakan on the way to and from Africa.

The *Indo-China S. N. Co.*, which maintained regular services twice a month between Hong Kong and Sandakan, and occasionally Tawau.

The *Straits Steamship Co.*, which maintained regular fortnightly services from Singapore to Sandakan, calling at Labuan, Jesselton and Kudat, with some smaller feeder services.

AIRFIELDS AND AIR SERVICES

Before the war there were no airfields or air services in North Borneo. During their occupation the Japanese were fully aware of the strategic importance of the country and constructed a number of airfields on the mainland and on Labuan. All suffered severely from Allied bombing. The airstrip at Labuan, 2,300 yards long and 30 yards wide, is built of coral and was in use during the year by Fortresses and Dakotas, as well as by R.A.F. Mosquitoes carrying out an aerial survey of the country. The airstrips at Sandakan are smaller and no action has yet been taken to put them into service. By the end of the year plans were being considered for the reconstruction of the airfields at Labuan, Jesselton and Sandakan. It was considered that Labuan would be suitable as an air terminal, with subsidiary feeder services radiating to Jesselton and Sandakan. Ex-Japanese airstrips also exist at Tawau, Kudat, Lahad Datu, Keningau and Ranau.

During the year the R.A.F. operated a weekly courier service using Sunderland flying boats between Singapore and Jesselton, calling at Kuching and Labuan.

TELEPHONES

The telephone system of the Colony was damaged or neglected to such an extent by the Japanese that the major proportion of the indoor equipment had to be replaced. The overhead lines, though neglected, were not seriously damaged, and reconstruction was carried out as materials became available. Fortunately a large quantity of military equipment was left behind by the military forces and it was found possible to carry out effective temporary repairs.

The exchanges in use in the main towns were all destroyed or damaged. The pre-war Jesselton automatic exchange, with a capacity of 100 points, was salvaged and repaired with ex-military equipment. At Sandakan the original exchange was destroyed and a temporary system with 80 points improvised. Both exchanges are inadequate for the existing demand, and plans have been made for the installation of 400 and 300 point exchanges at Jesselton and Sandakan respectively.

RADIO

The telegraph circuits with Singapore, Kuching and Brunei were maintained throughout the year, with only a few minor interruptions

due to magnetic storms, adverse atmospheric conditions, cable trouble in Singapore and power breakdown in Jesselton.

The internal wireless circuits worked satisfactorily throughout the year, and the volume of traffic handled remained at approximately three times that dealt with pre-war. Aeradio circuits were maintained between Jesselton and Singapore, Jesselton and Kuching, Jesselton and Labuan, and when required, Jesselton and Sandakan.

Contact with the R.A.F. courier aircraft was usually established over some 500 miles on the run to Singapore.

Daily weather reports, for the use of aircraft stationed at Labuan on aerial survey duties, were collected and despatched to H.Q.; R.A.F. Singapore, each morning at 4.30 a.m. during the period of the survey from the North Borneo wireless stations. Small coast stations at Jesselton and Sandakan operated with ships over distances of approximately 400 miles.

The Telegraph Training School continued throughout the year to train apprentices in telegraphy and elementary meteorology.

Larger power radio equipment was received at the end of the year, but could not be installed owing to lack of buildings.

POSTS

During the year there were eight post offices in the Colony, including Labuan, which before the Japanese occupation was included in the Malayan Postal Union. Limited postal facilities were available at District Offices.

The overprinted North Borneo and Sarawak B.M.A. stamps continued to be used throughout the year and during the later part of the year the provisional North Borneo Royal Cypher stamps were released for sale. Arrangements were made for a new set of dies to be made in 1948 for a new and permanent issue of North Borneo stamps.

Direct money order services between North Borneo and Australia, India, Singapore, Malaya and Hong Kong were resumed. The local, Malayan and Great Britain cash-on-delivery service and the insured letter, box and parcel post services with Hong Kong and Malaya were restored.

The conveyance of mails by sea between North Borneo and Singapore continued to be slow and irregular, but the R.A.F. maintained a weekly courier service throughout the year using Sunderland flying boats.

An interesting feature of the mail services during the year was the number of "unsolicited gift food parcels" sent to Great Britain. The total number of parcels despatched was 815.

Chapter 12: Research

MALARIA

The malariologist Dr. MacArthur continued with the help of an entomologist the investigations which he had started in North Borneo in pre-war years. The cost of this work was financed under the Colonial Development and Welfare Research Act. By the end of 1947 the unit

had already covered a large part of the country, having worked before the war in the interior round Tambunan and more recently in Sandakan. Its headquarters are now established in Labuan to facilitate investigations in Brunei and Sarawak.

The findings of this unit have not so far been consolidated, but from interim reports it appears that recommendations will cover the clearing of areas of secondary growth at the head-waters of streams and near the towns. By this means it should be possible to eliminate the *Anopheles Leucosphyrus* which Dr. MacArthur claims to be the chief malaria carrier in North Borneo. It also seems that mosquito control will be necessary in the salt water swamps around the main towns which are the breeding grounds of the *Anopheles Sundiacus*, another carrier of the malarial parasite.

FISHERIES

Research into the Colony's fishing industry started early in the year with the arrival of a Fisheries Officer, who set up his headquarters in Sandakan. Activities during the year were hampered by the destruction of all previous records and by the lack of a suitable survey vessel, which did not become available until early in 1948.

Investigations were made into the possibility of forming fisheries co-operative societies at various ports along the coast and also into the prospects of establishing the culture of fresh water fish in areas of wet padi cultivation. A considerable quantity of statistical information was compiled on the production, consumption, marketing and distribution of fresh and dried marine produce and on the technical methods employed by both the native and Chinese fishermen of the Colony. Data was collected on the geographical and seasonal distribution of the more important commercial species of fish.

PART III

Chapter I : Geography and Climate

NORTH BORNEO includes the whole of the northern portion of the island of Borneo. It is roughly the size of Ireland. The China Sea washes its western and the Sulu and Celebes Seas its eastern coasts. The coastline measures some 800 or 900 miles.

The distances from the other territories of South East Asia are as follows: Singapore, 1,000 miles; Hong Kong, 1,200 miles; Manila, 600 miles; and Australia, 1,500 miles.

The country consists mainly of mountain ranges, from four to 13 thousand feet in height, rising somewhat sharply from ranges of low hills. These hills are traversed by valleys and occasional plains. The coastline is formed mainly by alluvial flats, with many creeks and swamps. Hills and valleys in many cases are covered with dense forest, and there is an extensive system of rivers.

The main harbour on the west coast is at Labuan, a small island lying three miles off the mainland opposite the Bay of Brunei. Further north Jesselton, the new capital of the Colony, has a good, well-sheltered harbour for vessels of moderate size which take away the bulk of the rubber produced on the west coast. At the most northerly point of the Colony is Marudu Bay, a former stronghold of Ilanun pirates. On its western shore, 11 miles from the entrance, is Kudat Harbour, where there is a wharf capable of taking vessels up to 200 tons. About midway down the east coast of North Borneo is the magnificent harbour of Sandakan, the approach to which is unfortunately marred to some extent by a bar. The entrance is a mile and a quarter wide, and the bay, which is 15 miles in length, gradually increases to a width of five miles. Sandakan, the former capital of the State of North Borneo and the largest town in the Colony, is built on its northern shore about a mile from the entrance. Other good harbours are Lahad Datu, further down the east coast, and Cowie Harbour with its port of Tawau.

The main mountain feature of the country is the Crocker Range, commencing at the south end of Marudu Bay and following the west coast at a distance of some 30 miles. This range, 4,000–6,000 feet in height, sends short spurs to the west coast, which are dominated by Mount Kinabalu, 13,455 ft. high. This is one of the finest mountains in the Far East and is venerated by the natives as the resting place of the spirits of the dead. Trusmadi, on the borders of the Keningau and Tambunan districts in the interior, reaches a height of 8,000 feet, while ranges of 4,000–6,000 feet are not uncommon near the Dutch border.

The most extensive plain is that on the east coast irrigated by the river Kinabatangan and its tributaries, believed to contain some 4,000

square miles of rich and fertile soil. In the interior are found the Keningau and Tambunan Plains which are traversed by the Pegalan River. The Keningau plain consists of wide stretches of grassland, while Tambunan maintains a large padi planting population.

The rivers of the country are numerous and of considerable importance, constituting as they do the only highways in some parts of the country. The longest, the Kinabatangan, follows a course of some 350 miles, and is navigable by shallow-draught launches for considerable distances. The Segama River, in the south-east, is navigable for about 60 miles and the rich soil of its valley is suitable for the cultivation of wrapper-leaf tobacco. The other main rivers in the east are the Labuk and the Sugut.

The west coast rivers are by contrast short and swift-flowing, and consequently of little use for navigation, but the narrow coastal plain which they water, supports the main rice and rubber production of the Colony. The longest is the Padas, being navigable for small launches as far as Beaufort, 60 miles from the sea. The Padas has cut a deep and narrow gorge through the west coast range, and it is through this gorge that the railway into the interior runs for much of its course.

The climate of North Borneo is tropical, but on the whole equable. On the coast day temperatures vary from 70° in the early morning to 88° at midday, and only on exceptionally hot days to 93° or 94° . Night temperatures are in the region of 70° and in most places comparatively cool nights are a relief after the day temperature. Annual rainfall varies from 60 inches to 180 inches in different localities. In most parts of the country the wetter season occurs during the north-east monsoon from October to March, and the drier season during the south-west monsoon, from April to September, but there is no sharp division between the two seasons. The typhoon belt passes just north of the Colony so typhoons are unknown. Severe storms, however, sometimes occur and local thunderstorms are frequent.

Chapter 2: History

To a very great extent the history of Borneo is veiled in obscurity. It was known to the Arabs many years ago as a land rich in precious stones, gold and spices, and it is probable that somewhere about 1300 the island was invaded by Kublai Khan. The traditions of Brunei and Sulu show that about this period there was established a Chinese province somewhere in the northern part of the island, and indications of early contact with Chinese civilisation still exist.

The first visits to the island of Borneo by Europeans were probably made by Spaniards and Portuguese. The companions of Magellan, after the death of their chief in the Philippines, called at Brunei in 1521; their historian, Pigafetta, left it on record that this city was then of considerable importance and contained no less than 25,000 families. A Dutchman visited Brunei in 1600, and the Dutch founded establishments in Borneo

about that time. The first visit of an Englishman to the island seems to have been in 1665, when a certain Captain Cowley "visited a small island which lay near the north end of Borneo".

In 1773 the East India Company founded a station at Balembangan, an island to the north of Marudu Bay. This island and all the north-east promontory of Borneo had been granted by the Sultan of Sulu to Alexander Dalrymple in 1756, as a reward for procuring his release from Spanish captivity in Manila. The settlement at Balembangan was attacked by Sulus and Ilanuns in 1775, and the garrison was forced to flee to Brunei, where the East India Company had another station. In 1803 the Company again formed an establishment in Balembangan, but shortly afterwards abandoned it, as well as the settlement in Brunei.

Meanwhile the Dutch had extended their influence and had acquired control of all but the northern and western portions of the island. By the beginning of the nineteenth century the north and west had relapsed into a condition of lawlessness and decay. Here the Sultans of Brunei and Sulu exercised nominal control and farmed out the rights of collecting revenue to natives of rank. These farmers settled at the mouths of the rivers, levied taxes on passing traders and plundered the inhabitants. On the coast there was a loose system of Mohammedan law and in the interior natives settled their own disputes according to tribal custom. Head-hunting was rife, disease ravaged the country, and pirates ranged the seas.

These, in brief, were the conditions in the north and west when James Brooke visited the island in 1840 and was installed as Rajah and Governor of Sarawak in 1841. Foremost among the new Rajah's ambitions was the suppression of piracy. The principal piratical races at the time were the Ilanuns, the Balanini, the Bajaus and the Sulus, all living near the north of the island. Their vessels were of large size, sometimes reaching a burden of 60 tons and a length of 90 feet, and they were heavily armed. Their cruising grounds were extensive, covering the coasts of the Philippine Islands, Borneo, the Celebes, Sumatra, Java, the Malay Peninsula, and even the Bay of Bengal. They had settlements of considerable size in Marudu Bay and along the west and east coasts of North Borneo.

After several efforts, Rajah Brooke persuaded the British Government to take an interest in the suppression of this piracy, which was doing considerable damage to European shipping as well as to native craft. Several expeditions were sent against the pirate strongholds on the north coast during the years which followed, culminating in the destruction of Tunku on the east coast by H.M.S. *Kestrel* in 1879.

The modern history of North Borneo may be said to have begun in 1847, when the British Government concluded a Treaty of Friendship and Commerce with the Sultan of Brunei and acquired at the same time the island of Labuan, which became a Crown Colony with a Governor and other officers. A similar treaty was entered into in 1849 between Great Britain and the Sultan of Sulu, but was not ratified owing to the difficulties raised by Spain.

British and American traders now attempted to obtain a firmer footing in North Borneo, and in 1872 protracted negotiations with the Sultans

of Brunei and Sulu led to the cession in perpetuity of a large area of the country to a private syndicate controlled by Mr. Alfred Dent and his brother. The cession was subject to certain annual payments to the Sultans. In 1881 a Liberal Government under Gladstone granted a Charter to the "British North Borneo Provisional Association, Limited". The Charter provided, *inter alia*, that the new Company should always be British in character. It prohibited the transfer of the benefits of the grants and commissions without the consent of the Secretary of State, forbade the grant of any general monopoly of trade and invested the Secretary of State with certain powers of supervision over the Company's proceedings, including the appointment of its principal representative in Borneo. The Company undertook to abolish slavery, to administer justice with due regard to native customs and laws, and not to interfere with the religion of the inhabitants.

Following the grant of the Charter, the British North Borneo Company was formed in May, 1882, to finance the administration of the new state. A long diplomatic correspondence was necessary before the misgivings of the other European powers, in particular Spain and Holland, were finally allayed. In 1888 the state was created a British Protectorate, and from 1890 Labuan was by request of the British Government administered by the Government of North Borneo. This agreement ceased as from 1st January, 1906, the British Government having decided that it was necessary on grounds of imperial policy that Great Britain should resume direct responsibility for the administration of the Colony of Labuan.

Considering the lawlessness which prevailed before the British occupation, North Borneo has been remarkably free from unrest, though some trouble was encountered by the Company in the early years of its administration. Exploration of the newly acquired territories continued steadily and the little-known regions of the interior were gradually penetrated and brought under control. Various enclaves of territory not included in that acquired from the Sultans were absorbed from time to time to knit the state into a compact whole of about 29,500 square miles.

Economically, the country went slowly ahead. Capital started to flow in, though not as freely as had been hoped, and labourers were encouraged to immigrate from China. The west coast railway was begun in 1896 and completed nine years later to link Jesselton with Weston in the south and Melalap in the interior. A serious economic crisis was averted by the rubber boom in the early nineteen-hundreds, the land which the railway had opened up proving eminently suitable for the growing of rubber, which became within a few years the mainstay of the country's economy.

In January, 1942, North Borneo was invaded by the Japanese naval and military forces. For over three and a half years the country remained under enemy occupation until final liberation by units of the ninth Australian Division, who landed in Labuan on 10th June, 1945. The behaviour of the population during this period was, with very few exceptions, exemplary, and many paid for their loyalty with their lives. The Military Administration, which contained a number of former Chartered Company senior officers, found the Colony in a state of appalling devastation.

Many towns had been completely destroyed or badly damaged by fire or bombing, and many of the inhabitants murdered, among them a large number of Government servants. Military administration continued until 15th July, 1946, when North Borneo became a British Colony and civil Government was resumed. On the same date Labuan was incorporated into the new Colony.

Chapter 3 : Administration

The Constitution of the Government of North Borneo is established and regulated by Letters Patent, dated 10th July, 1946, under which a Governor and Commander-in-Chief of the Colony was appointed. By this instrument full sovereign rights were assumed over North Borneo, following the North Borneo Cession Order in Council dated 10th July, 1946, and the Labuan Order in Council of the same date, by which the former State of British North Borneo and the Settlement of Labuan became the Colony of North Borneo.

Under these Letters Patent and the Royal Instructions dated 10th July, 1946, the Colony is administered by a Governor with the assistance of an Advisory Council. The Advisory Council is consulted by the Governor on all important matters and consists of three *ex-officio* members, the Chief Secretary, the Attorney-General and the Financial Secretary, together with such other members, both official and unofficial, as the Governor may appoint from time to time. At the end of 1947 there were 19 appointed members consisting on the official side of the three Residents, the Commissioner of Immigration and Labour and the Conservator of Forests, and on the unofficial side of six natives of the country, four Europeans and four Chinese. The Governor is also assisted by an Executive Committee consisting on the official side of the Chief Secretary, the Attorney-General, the Financial Secretary, the Resident of the West Coast and the Commissioner of Immigration and Labour, and on the unofficial side of one leading native of the country, one European, and two Chinese.

The laws of the Colony are mixed, being in part those applicable to the old state and in part the Straits Settlements law previously applicable to Labuan. Apart from special local laws they are based on standard colonial laws and the English common law applies.

The day-to-day administration of the Colony is carried out by 22 departments under the general direction of the Chief Secretary, who is the chief executive officer of the Government. The Attorney-General is head of the legal branch, while financial administration is in the hands of the Financial Secretary, the Accountant-General as chief Treasury Officer, being responsible for the public accounts. The Commissioner of Customs and Excise is charged with the collection of import and

excise duties, with the direction of preventive work and the compilation of trade statistics.

Labour conditions and immigration problems are dealt with in a single department under the Commissioner of Immigration and Labour. During the year under review a Labour Adviser for North Borneo, Brunei and Sarawak was appointed, with his headquarters at Jesselton, to advise the three Borneo Governments on labour conditions generally, to study the various labour Ordinances with a view to recodification and standardisation of legislation within the three territories, and to assist in the development of trade unions, arbitrating where necessary in cases of industrial or labour unrest.

Other permanent departments are the Agricultural, Audit, Constabulary and Prisons, Education, Forests, Lands, Marine, Medical, Public Works and Telecommunications Departments, the Post Office and the Railways. Temporary departments include the Supply Department and the Custodian of Enemy Property.

A new and senior appointment which was made during the year was that of Development Secretary. This officer is concerned with the planning of the future industrial and agricultural development of the Colony, in order that natural resources may be utilised to the maximum advantage. Another new post was that of Fisheries Officer, appointed under the Colonial Development and Welfare Scheme for a period of three years to make preliminary investigations into the fishing industry. Other new posts under the Colonial Development and Welfare Scheme were the Drainage and Irrigation Engineer and the Veterinary Officer.

For local administration the Colony is divided into three Residencies, the West Coast, the East Coast and Labuan and the Interior, with their headquarters at Jesselton, Sandakan and Beaufort respectively. There are four District Offices in the West Coast Residency, at Jesselton, Papar, Kota Belud and Kudat, three in the East Coast Residency, at Sandakan, Lahad Datu and Tawau, and four in Labuan and the Interior, at Beaufort, Labuan, Tenom and Keningau. There are sub-districts in each Residency under the control of an Assistant District Officer or a Deputy Assistant District Officer (Native Officer).

Within each district and sub-district headmen of the villages carry on minor administration under native chiefs, who are in turn responsible to the District Officer. These chiefs preside over Native Courts which deal with offences against native customs and with breaches of Mohammedan law. The Courts held by Administrative Officers in their magisterial capacity are concerned with normal civil actions, breaches of the laws of the Colony and offences against the Penal Code. In addition to their other duties District Officers and their assistants are Assistant Collectors of Land Revenue and Assistant Protectors of Labour.

In the majority of townships there are Sanitary Boards under the chairmanship of the Resident or District Officer, and each section of the community is represented on the Board.

Chapter 4: Weights and Measures

Imperial weights and measures and the following local weights and measures are in general use:

Avoirdupois Weight

1 tahl	=	$1\frac{1}{3}$ ounce
16 tahils	=	1 kati = $1\frac{1}{3}$ pounds
100 katis	=	1 pikul = $133\frac{1}{3}$ „
40 pikuls	=	1 koyan = $5,333\frac{1}{3}$ „

Measure of Capacity

2 gills	=	1 pau
2 paus	=	1 pint
2 pints	=	1 quart or chupak
4 quarts	=	1 gallon or gantang
10 gantangs	=	1 para
800 gantangs	=	1 koyan

Chapter 5: Newspapers

Before the war there was one English language newspaper in the Colony, the *British North Borneo Herald*, which ceased production after the Japanese invasion. Up to the end of 1947 no English language newspaper had yet started production.

There is one Chinese language publication, the *Jesselton Overseas Chinese Daily Newspaper* (*Api Wah Chiau Nit Pau*), with an estimated circulation of 220 limited to Jesselton. The news presented is factual and obtained mainly from official Chinese stations. It caters solely for the Chinese community and is Chinese nationalist in outlook.

There is, as yet, no Malay language newspaper in the Colony.

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Many of the above publications, both official and unofficial, are out of print.

Appendix

COUNCIL PAPER NO. 1 OF 1946 GOVERNMENT OF NORTH BORNEO

Paper to be laid before the Advisory Council by Command of His Excellency the Officer Administering the Government

REPORT ON GENERAL CONDITIONS IN THE COLONY OF NORTH BORNEO ON ITS LIBERATION AND OF THE WORK DONE SINCE IN CONNECTION WITH ITS REHABILITATION

Put briefly, the conditions existing at the time of liberation in June-September, 1945, were chaotic. The chief towns and villages had been destroyed. The people had fled to the jungle or to their smallholdings. There were no public utility services. Schools and hospitals were non-existent. Disease and malnutrition were great. Crime was rampant, communications were practically non-existent, food was scarce, and the whole process of government had come to a standstill, as most of the Government records had been destroyed and practically all the trained senior subordinate staff had been killed off by the Japanese.

2. The British Military Administration gradually got matters under control, and by the 15th July, 1946, when it handed over to the Civil Government, it had in the main restored law and order, carried out first-aid repairs to communications, cleared away a large amount of the debris of war, brought in sufficient food and other essential supplies to prevent hunger and halt disease. It had also made a start to repair damaged works and buildings and to provide temporary accommodation for the local staff.

3. The Civil Government has continued this process of rehabilitation and, in spite of an acute shortage of staff, the loss of many experienced officers, and the lack of essential equipment, has made considerable progress in restoring the life of the community to more normal conditions. Serious crime has been reduced to negligible proportions, supplies have been brought in in ever-increasing volume, trade and commerce are gradually returning to their normal channels, the machinery of government has been completely overhauled and is now beginning to function, albeit somewhat haltingly, medical services have been gradually improved, the railway has been kept running, many more temporary buildings have been constructed, water and electric light supplies have been partially restored, many more schools have been opened, all post offices have been re-established, and although there still remains much to be done a good start has been made towards the rehabilitation of the Colony.

4. The first act of the Civil Government was to set up an Advisory Council immediately on taking over, and one of the first problems was to find the necessary finance to carry on the administration. Rough estimates of revenue and essential expenditure for the remainder of the year were drawn up immediately and indicated that there would be a deficit of over $2\frac{1}{2}$ million dollars. As funds were urgently required to enable the Colony to carry on a request was sent to the Secretary of State asking for a remittance of one million dollars. This was sent within a few weeks.

5. Immediate steps were also taken to obtain a supply of currency from Singapore to meet current commitments, as the amount of currency handed over by the B.M.A. was insufficient, and arrangements were made for the North Borneo Government to act as agents for the Malayan Currency Commissioners until such time as a new agreement could be negotiated enabling North Borneo to become a member of the Board.

6. Collection of revenue commenced at once and, although care was taken not to press unduly on the population to begin with, the position at the end of November was more favourable than was envisaged at the time the estimates were prepared. Although rehabilitation proceeded as fast as possible, unforeseen savings were made on some items of expenditure and as a result the gap of $2\frac{1}{2}$ million dollars between revenue and expenditure had been converted into a small surplus by the end of November, but it must be remembered that these figures are still incomplete and can only be regarded as provisional as the accounts have not yet been closed.

7. Staffing has proved to be one of the most difficult problems. Fortunately about half the European officers of the Chartered Company, most of whom suffered internment for three-and-a-half years, came back to help us after the briefest possible leave. Many of them were far from fit, and nearly all have been down with malaria, dysentery or some other tropical disease to which they fell a ready prey as a result of their lack of resistance after years of captivity. However, in spite of ill-health, they have done an excellent job in most difficult circumstances and we could not have carried on without them.

8. Nevertheless they are now nearly all in need of early leave and strong representations have been made with a view to obtaining additional staff to enable this to be arranged.

9. The Secretary of State for the Colonies has approved an interim establishment for the Colony which is on a scale sufficient to enable the country to be rehabilitated and to assure its steady and progressive development.

10. In this connection it is worthy of note that His Majesty's Government has allocated to North Borneo a sum of five million dollars under the provisions of the Colonial Development and Welfare Act, to be spent on local development and welfare schemes which have yet to be prepared and will require the approval of His Majesty's Government. In the preparation of these schemes the advice and assistance of the

representatives and leaders of the various communities throughout North Borneo will be sought with a view to receiving suggestions as to the best ways in which the five million dollars allocated to North Borneo may be spent.

11. The following paragraphs indicate the work of individual departments since the liberation of the territory and show clearly what a useful job they have done in spite of the appalling conditions with which every department has had to contend.

12. *Agricultural Department*

Under B.M.A. the Agricultural and Forest Departments were combined and performed multifarious duties, such as dealing with advances to rubber plantations ; price control ; importation and distribution of pigs, cattle and ponies ; collection and distribution of agricultural implements ; control and sale of fish ; salvaging ; emergency food planting ; encouragement of trade ; institution of an agricultural census ; and transport of agricultural products. The casualties among the staff of this department were heavy, and as a result few technical officers were available on liberation. In June on the return of the pre-war Director, the department was reconstituted and reorganised. From then on increased food production has been the main objective of the Agricultural Department and has met with some success in spite of adverse weather conditions, and a plague of locusts in August against which control measures were successfully instituted. Much remains to be done and the recent appointment of a separate Director of Agriculture as recommended by the previous Director should do much to improve matters.

13. *Customs Department*

The Customs Department has been re-established and repairs have been carried out to wharves and godowns. Essential materials, such as weighing machines, liquor testing equipment, flags and charts, have been ordered. Collection of revenue has continued from the time of occupation and has considerably exceeded the estimate to date.

14. *Education Department*

Every effort has been made to restore the school system as rapidly as possible. Text books have been made available. Temporary school buildings have been built, and it is interesting to note that in September this year the total number of pupils in Government schools was 2,416 against a pre-war total of 1,663. Mission and Chinese schools have been re-established, though they are not yet up to their pre-war numbers. The number of children at present in all types of schools is over 10,000. A comprehensive five-year plan has been prepared for the development and expansion of education.

15. *Forest Department*

This department has now been re-established under the pre-war Director and the work of reorganisation continues. The export of timber to Hong Kong, Shanghai and Australia has been recommenced.

16. *Judicial Department*

At the time of liberation conditions were chaotic outside the areas occupied by the military. Buffalo theft was rife in Kota Belud; the murder of alleged collaborators occurred in Sandakan; gangs of robbers pervaded Tawau. These areas were not liberated until September, 1945, and little could be done until some 12,000 Japanese soldiers had been rounded up. Since September 1945 serious offences have progressively lessened, and now throughout the whole territory there is very little serious crime. Three Sessions Judges now operate instead of two pre-war. Most cases of civilians collaborating with the enemy have now been cleared up.

17. *Lands and Survey Department*

The first and most important duty of this department was to salvage and rearrange pre-war records. Under B.M.A. the staff were re-engaged and moved to Jesselton in November, 1945, together with some 275 cases of plans and records. Preparation of new plans has continued, Army maps and photographs have been sorted, instruments inspected and overhauled, and rent rolls for 21 districts, including particulars of 42,000 titles, have been supplied.

18. *Legal Department*

The Legal Department was mainly concerned during the B.M.A. period with the drafting of Proclamations. It provided officers to conduct the prosecution and sometimes the defence in trials of civilians. It also took part in the military courts set up in Labuan by the Allies to try Japanese war criminals. On the resumption of Civil Government on the 15th July, an Acting Attorney-General was appointed. This department has been greatly handicapped by the destruction of the law library. Steps have been taken to acquire new books.

19. *Medical Services*

The Civil Hospitals at Sandakan, Kudat, Lahad Datu and Labuan were completely destroyed. Temporary buildings have been put up. Hundreds of tons of medical supplies have been brought in and much of it has now been distributed free to the population. Hospital equipment, clothing, bedding, etc., were taken over from the Army. In October the number of in-patients in hospital was 938; the number of out-patients treated during the month was 23,609. There has been a considerable improvement in health during the past year. The effects of malnutrition have largely disappeared. 30,000 persons have been vaccinated in the last few months and sufficient lymph to vaccinate 50,000 more has arrived. The Health Visitor has re-formed her department, and is doing double the amount of confinement work compared with 1941. The training of midwives has already commenced and UNRRA clothing has been distributed to some 3,000 natives. However, an acute shortage of doctors and hospital facilities still retards progress and much remains to be done.

20. *North Borneo Armed Constabulary*

At the time of liberation the constabulary was in a highly disorganised state, the majority of men having been enlisted and trained by the Japanese. Pre-war members of the force were widely scattered. The police forces of North Borneo, Sarawak, Labuan and Brunei were formed into one force controlled by an officer with the title of SO I Constabulary. In North Borneo the constabulary headquarters were set up in Beaufort and transferred to Jesselton in October, 1945. In January, 1946, new officers were posted to Jesselton and Sandakan. The depot at Jesselton was put on a pre-war basis and recruits were called in for training. Former members of the force were called up and given refresher courses. Arms were supplied in plenty, but there was difficulty in obtaining clothing and the necessary books and forms for police work. Collaboration cases occupied most of the time of the officers. The constabulary has an authorised strength of seven British officers, seven native officers and 706 other ranks. The actual strength on 1st December, 1946, was 668 including officers and 120 recruits who are still undergoing training. Recruiting and training have been hampered by the shortage of equipment, clothing and training apparatus, but it is hoped that this will soon be remedied and that the force will be up to full strength early in 1947. The main centre of crime was in Labuan due to the presence there of vast relief stores. Effective measures taken during the last three months have shown good results and it is hoped that crime has now been reduced to normal. In addition to maintaining law and order the constabulary has dealt with the supply of fire extinguishers for the streets of Jesselton and Sandakan, and the issue of licences for motor vehicles, firearms, jewellers, hawkers, theatres, etc. Provided that the necessary equipment comes forward it is hoped that by the end of 1947 the Colony will have a well-trained constabulary capable of meeting all demands on it.

21. *Postal Services*

Post offices have been re-established at all places where they were operating pre-war. Two-thirds of the pre-war staff have returned to duty. Owing to lack of regular shipping between Singapore and North Borneo ports, surface mails have been subject to considerable delay, but a notable improvement has taken place recently. Negotiations have taken place for the resumption of money order services between North Borneo and Malaya and Hong Kong. The air mail service is at present dependent on the R.A.F. which has rendered yeoman service.

22. *Public Works Department*

Temporary buildings have been constructed to meet immediate requirements of hospital buildings, Government offices, clerical quarters, officers' quarters, public markets, Customs buildings, stores and godowns. The life of these buildings is estimated at two to three years and, although somewhat rough and ready, they should serve their purpose until materials are available for more permanent construction. Temporary repairs have been carried out to roads and bridges and it is

expected that equipment will be available for proper reconstruction in 1947. Water supplies have been reorganised in Jesselton and Sandakan, but the present pumping plant is unreliable. Electricity has been laid on by the P.W.D. in Jesselton and Sandakan. The department has suffered badly from lack of staff, but it is hoped that more engineers will be available shortly.

23. *Railways*

For two months after the liberation, the railway was run by the A.M.F. as an essential part of military communications. As no maintenance had been done during the Jap occupation the railway was in very bad shape. Everything possible has been done to get it going again, often by the most unorthodox methods. All bridges have been repaired, except Papar bridge, but a Royal Indian Engineer bridging company is at present working on this and hopes to complete it shortly. Out of a total of 13 pre-war locomotives, four have now been repaired and are in use. Apart from these four renovated locomotives transport is dependent on jeeps and Malcolm Moore V.8 petrol locomotives. For general repairs and maintenance the railway is now dependent on a small workshop plant taken over from the Army, which has done excellent work.

24. *Supplies Department*

The Supplies Department is a special department, which was formed to ensure that essential commodities were procured and brought into the country for distribution to the public until such time as normal pre-war trading could be re-established. The primary concern of this department has been with foodstuffs, especially cereals, but it has also procured and brought in quantities of other goods, such as textiles, household and individual requirements, agricultural implements and many other articles. There is still a world food shortage, and the position with regard to rice and wheat products is still precarious, so it has been impressed on the population that they must grow as much food as possible themselves. Every effort has been made by government to obtain sufficient rice, the staple food of the population. The International Emergency Food Committee, however, has only been able to allot a quota of 27 per cent. of the estimated requirements for Borneo for the second half of 1946, and the position has gone from bad to worse due to political difficulties, strikes and shortage of land and water transport in the rice-producing countries. In spite of this, we have been able to maintain throughout this period of acute world shortage, a daily basic cereal ration of two ounces of rice and four ounces of flour. The position has shown a slight improvement recently, and as from the 1st December we have been able to afford a basic daily ration of three ounces of rice and six ounces of flour. Although the people are on short commons, there is no likelihood of famine or starvation.

25. *Telecommunications Department*

On reoccupation none of the wireless stations remained intact, whilst the telephone exchanges and telephone equipment were damaged,

and in some cases completely destroyed. Ten wireless stations were, however, soon repaired and opened for official and public service, and a wireless link opened up between Labuan and Singapore. The automatic telephone exchange in Jesselton was repaired and put into operation. Since then trunk lines have been repaired on the west coast and the interior, and a training school for operators has started. On the resumption of Civil Government, the wireless station operating with Singapore was transferred from Labuan to Jesselton, the headquarters of the civil administration. It is hoped in 1947 to open radio telephone circuits between Jesselton-Sandakan, Jesselton-Labuan, and possibly North Borneo and Malaya, during 1947.

26. *Treasury Department*

All pre-war Treasury records were lost. Until the handover to Civil Government the Treasuries on the mainland were controlled by the B.M.A. Finance Department at Labuan. As from the date of handover a complete system of Governmental accounting and Treasury routine has been put into operation and is now working smoothly. It is estimated that the Treasury is handling 30 per cent. more work than it was pre-war.

The Secretariat,

JESSELTON,

17th December, 1946.

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